

Market Feasibility Analysis  
Mineral Springs Apartments  
Blue Ridge, Fannin County, Georgia  
*DCA Project Number 2003-031*

Prepared for  
**The Georgia Department of Community Affairs**  
**July 2003**

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## I. Executive Summary

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Real Property Research Group, Inc. (RPRG) has completed a market study of the 67 unit Mineral Springs Apartments, which will include 32 newly constructed garden units and 35 renovated townhouse units. The subject site is located on the south side of Mineral Springs Road approximately one quarter mile west of its intersection with Aska Road. The rental community will be general occupancy in nature with an emphasis on single person and small to moderately sized family renter households.

After completion, rents and unit configuration of the rental community will be as follows:

Unit Type	AMI Level	Bedrooms	Bulding Type	Units	Avg. Size	Net Rent	Rent/Sq Ft
PBRA	30%	3	Garden	4	1,267	\$212	\$0.17
PBRA	30%	4	Garden	3	1,428	\$218	\$0.15
LIHTC	50%	2	Garden	21	960	\$393	\$0.41
LIHTC	60%	3	Garden	20	1,267	\$557	\$0.44
LIHTC	60%	4	Garden	5	1,428	\$604	\$0.42
MKT RATE	80%	2	Garden	14	960	\$585	\$0.61
Total/Avg.				67	1,126	\$479	\$0.43

Based on our analysis, including field research conducted in July 2003, we have arrived at the following conclusions:

### Site Location

- The site is an 11.5 acre tract on the south side of Mineral Springs Road approximately one quarter mile west of its intersection with Aska Road. The rental community will include 32 newly constructed garden style units and 35 renovated townhouse units. The vacant portion of the site is located to the east of the existing townhouse units is primarily cleared land.
- The site benefits from a large number of mature trees surrounding it, which provide a natural buffer from surrounding land uses and enhance curb appeal. The site is bordered to the north by Mineral Springs Road and single-family detached homes, to the east by vacant land, to the south by vacant land and a large hill, and to the west by vacant land.

- Ingress and egress will be available off Mineral Springs Road. Mineral Springs Road is a lightly traveled residential street with a speed limit of 35 miles per hour. No problems are expected with ingress or egress. The traffic on this road is minimal, even during peak hours.
- The proposed community will be compatible with surrounding land uses. The majority of the development in the immediate area surrounding the site consists of single-family detached homes. The majority of the surrounding land is zoned for residential use. The zoning is not expected to change
- The site inspection was conducted on Thursday July 17, 2003.

### **Economy**

- Total at place employment has increased steadily within Fannin County since 1990. In 2001, employment had reached 4,878 as job growth averaged over 130 jobs annually since 1990. Overall, the county has experienced a net increase of over 1,450 jobs or 42 percent since 1990. Total at-place employment increased each year between 1990 and 2001. Contrary to national trends, Fannin County has experienced an increase in jobs over the past two years as 2001 and the first three quarters of 2002 experienced a net increase total employment.
- Unemployment rates in Fannin County have remained higher than the unemployment rates in the state of Georgia, while following similar trends. Unemployment in the county has fluctuated over the past 13 years, however the predominate trend has been decline. During the first four months of 2003, Fannin County's unemployment rate has increased by 1.1 percentage points while Georgia's has decreased by 0.2 percentage point. The nation's unemployment increased 0.1 percentage point. The increase in the unemployment rate in Fannin County has been fueled by the increase in the size of the labor force rather than a loss of jobs.
- The stable economic conditions in Fannin County indicate that the calculated demand estimates and capture rates will be achievable independent of market conditions. The current economics of the area will not prevent the proposed development from achieving the calculated capture rates.

## **Household Growth**

- Based on 1990 and 2000 Census data, the PMA experienced an increase of 3,298 households, while the Tri-County Market Area increased by a total of 8,484 households. This change equates to a 39.5 percent increase in the primary market area compared to a 52.6 percent increase in the Tri-County Market Area. The annual compounded rates of household growth were 3.4 percent in the PMA and 4.3 percent in the Tri-County Market Area.
- Projections show that the PMA's household count is expected to increase by 1,822 or 15.6 percent by 2005 compared to an increase of 4,405 households or 17.9 percent in the Tri-County Market Area. Annual increases are projected to be 364 households or 2.9 percent in the primary market area and 881 households or 3.3 percent in the Tri-County Market Area.

## **Household Characteristics**

- Among the 11 age cohorts, the largest differential between the two geographies was 0.9 percentage point. The majority of the age classifications were separated by less than 0.5 percentage point. The primary market area has a slightly higher percentage of its residents between 45 and 59 years and over the age of 70 years.
- Renters are most common among householders age 25 to 44 years of age. This age grouping accounts for 25.5 percent of the PMA's population and 26 percent of the Tri-County Market Area's population
- The vast majority of the householders in the primary market area and the Tri-County Market Area own their homes. In 2000, only 16.2 percent of the householders in the PMA were renters. In comparison, 19.2 percent of the Tri-County Market Area householders rented.
- Census data indicates that the 1999 median household income for the primary market area was \$33,422, only \$272 or 0.8 percent lower than the \$32,422 median income in the Tri-County Market Area.

## **Rental Market**

- The two largest components of rental development in both the primary market area and the Tri-County Market Area are single-family detached homes and

mobile homes. Over seventy percent of the rental stock in both areas is in one of these two structure types. The primary market area has only 4.0 percent of its rental units in structures with 10 or more units compared to 8.5 percent in the Tri-County Market Area.

- According to the Census distribution, only 104 renter householders or 7.5 percent in the primary market area paid a monthly contract rent between \$500 and \$800, the range in which the majority of the units at Mineral Springs Apartments are priced
- Among the 114 units in the 4 surveyed communities, only 1 was reported vacant for a rate of 0.9 percent.
- The average net rent among the surveyed communities is \$409 for a one bedroom unit, \$497 for a two bedroom unit, and \$495 for a three bedroom unit. None of the surveyed communities offer four bedroom units. Availability of square footage was limited. The most comparable community, Brooks Summit, reported square footages of 805 and 954 square feet for two and three bedroom units respectively.

### **Findings and Conclusions**

- Using a 35 percent underwriting criteria, the penetration rate for all 67 units was calculated to be 1.2 percent for all households and 4.7 percent for renter households. This is based on the 5,708 total households and 1,412 renter households that earn less than \$31,896. Affordability by floorplan and income level indicates that there is a sufficient number of income qualified households for all floorplans.
- Excess demand for rental housing in the primary market area was calculated to be 188. This number represents the number of additional rental units needed in the market after Mineral Springs Apartments and all other rental communities in the pipeline have achieved stabilized occupancy.
- As 32 of the 67 units are projected to be occupied at time of lease-up, capture rates are calculated both for total units and the planned new and vacant units are Mineral Springs. For all units, the capture rates are 2.8 percent for the 30 percent units it project based rental assistance, 31.9 percent for the 50 percent



and 60 percent LIHTC units, 15.8 percent for the market rate units and 12.7 percent for all units. After subtracting the units currently occupied, there is no change to the capture rate 30 percent PBRA units. The capture rates for the LIHTC units, market rate units, and total units decrease significantly. The revised capture rates for these unit types are 19.4 percent, 0 percent, and 6.6 percent, respectively. These capture rates indicate that the retention of existing tenants is essential to the success of the subject property.

The project's appeal and strengths are as follows:

**Community Design:** The proposed development will be the most attractive community in the primary market area. The new modern design characteristics and up-scale community design will be competitive within the primary market area, which has seen little new product development over the past two decades.

**Location:** The proposed site is located in a growing area of Fannin County. The proposed site is located conveniently to shopping, education, health care, public transportation, and area traffic arteries.

**Amenities:** The proposed Mineral Springs will offer more unit and community amenities than all of the existing rental communities in the primary market area. The proposed amenities, including appliance package, is appropriate given the proposed rent levels.

**Unit Mix:** The unit mix distribution of the 67 units at Mineral Springs Apartments is appropriate. Although the proposed unit mix includes a greater percentage of three and four bedroom units the surveyed rental communities, it is appropriate with the market area's stock. As much of the PMA's rental stock is comprised of single-family detached homes and mobile homes, larger units are more prevalent than the surveyed stock represents. The one two bedroom units will appeal to single person householders or small to medium sized families while the three and four bedroom units will appeal to larger families and those desiring additional space. The 67 proposed units will make Mineral Springs the largest community in the primary market area.

**Unit Size:** With square footages of 960 for a two bedroom unit, 1,267 for a three bedroom unit, and 1,428 for a four bedroom unit, Mineral Springs will have a

competitive advantage with the existing rental stock. These unit sizes are significantly larger than the average among surveyed communities.

**Price:** The proposed 30 percent units are priced at the bottom of the range of net rents in the primary market area. The proposed 50 percent rents are below three of the four communities. The 60 percent LIHTC and market rate units are priced at the top of the market area (Figure 4). The range of rents among the 60% units exceeds the market rate range as it includes three and four bedroom units, while all market rate units have two bedrooms. The proposed rents are appropriate given the location, large unit sizes, and extensive amenities to be included. The proposed rents and square footages result in prices per square foot lower than the average among existing communities. The proposed rents are generally comparable to Brooks Summit for similar floorplans.

**Demand:** Multiple demand estimates and capture rates were calculated for the various floorplans, income targeting levels, and vacancy status. Although some of the capture rates exceed DCA's thresholds, there appears to be sufficient demand for the proposed units. Many of the planned units at Mineral Springs Apartments can be expected to be filled from existing renter turnover, predominately from single -family detached homes or mobile homes. There two unit types account for three quarters of the PMA's rental units.

**Recommendation:** Although there appears to be adequate demand for the proposed units as planned, the project's viability would be greatly enhanced by a rent reduction of 7 to ten percent. With reductions in rents and the subsequent minimum income limit, the range of income qualified households will increase significantly. The increase in the band of qualified households will reduce the capture rates per DCA's demand components. Although not a necessity, a rent reduction is recommended.

**Absorption:** None of the existing rental communities were able to provide information on initial lease-up. In the absence of data from comparable rental communities, factors used in determining the lease up rate of Mineral Springs include:

- The lack of significant vacant rental units.
- The lack of moderately sized, newer rental communities offering more than basic amenities.

- The proposed rents are competitively priced among the existing rental stock.
- The proposed community will be the newest and largest rental community in the PMA. As a result, the proposed community will include more visually appealing units and extensive unit and recreational amenities.
- The continued household and employment growth in the primary market area and Fannin County.

We believe that given the competitive rents, extensive amenities, tight rental market, wide range of allowable incomes, and lack of pipeline, the proposed 67 rental units at Mineral Springs Apartments should lease at a rate of at least 5 units per month. At this rate, the proposed community will attain 95 percent occupancy within approximately 12 months. Given that many units are currently occupied, the majority of which are expected to remain as such, the absorption rate is only applicable to the proposed new or vacant units. In existing tenants are retained, the lease up rate for the 35 new/vacant units would be 7 months.

## II. Introduction

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Real Property Research Group, Inc. has been retained by The Georgia Department of Community Affairs to conduct a market feasibility analysis of Mineral Springs Apartments. Mineral Springs Apartments will be a newly constructed mixed-income rental community consisting of 67 rental units. The proposed community will be located on the south side of Mineral Springs Road approximately one quarter mile west of Aska Road northeast of downtown Blue Ridge. The newly constructed rental community will be general occupancy in nature with an emphasis on moderate to large sized family renter households.

The majority (79 percent) of the units at Mineral Springs Apartments will benefit from Low Income Housing Tax Credits and will be restricted to households earning no more than 30 percent, 50 percent, and 60 percent of the Area Median Income (AMI). The seven units priced at 30 percent of the AMI will also have project based rental assistance. These units will not have a minimum income limit as the rent paid will be based on a percentage of the tenant's income. The remaining 21 percent of the units will be market rate with no income restrictions. Although no income restrictions will be imposed on the market rate units, it is assumed for demand purposes that these units will target renter householders earning no more than 80 percent of the AMI.

Mineral Springs Apartments will consist of 35 two-bedroom units at 960 square feet, 24 three-bedroom units at 1,267 square feet, and 9 four-bedroom units at 1,428 square feet. HUD has computed a 2003 median household income of \$40,900 for the Fannin County in which the subject site is located. Based on that median income adjusted for household size, the maximum income limit and minimum income requirement is computed for each floorplan in Table 1. The minimum income limit is calculated assuming 35% of income is spent on total housing cost (rent plus utilities). The maximum allowable income and corresponding rents are calculated assuming 1.5 persons per bedroom.

This analysis takes into account pertinent trends in housing supply and demand in a distinct market area delineated with respect to the subject site.

Conclusions are drawn on the appropriateness of the proposed rents and projected length of initial absorption.

**Table 1 Project Specific LIHTC Rent Limits, Mineral Springs**

Floorplans & Type of Units	Maximum % of AMI	Number of Units	Bedrooms	Planned Net Rent	Utility Allowance	Planned Gross Rent	Maximum Gross Rent	Maximum Income	Minimum Income
PBRA	30%	4	3	\$212	\$133	\$345	\$345	\$13,815	\$11,829
PBRA	30%	3	4	\$218	\$167	\$385	\$386	\$15,420	\$13,200
LIHTC	50%	21	2	\$393	\$105	\$498	\$499	\$19,950	\$17,074
LIHTC	60%	20	3	\$557	\$133	\$690	\$691	\$27,630	\$23,657
LIHTC	60%	5	4	\$604	\$167	\$771	\$771	\$30,840	\$26,434
MKT RATE	80%	14	2	\$585	\$105	\$690	\$798	\$31,920	\$23,657

The report is divided into six sections. Following the executive summary and this introduction, Section 3 provides a project description and an analysis of local neighborhood characteristics. Section 4 examines the socio-economic and demographic characteristics of the delineated market area. Section 5 presents a discussion of the competitive residential environment. Section 6 discusses conclusions reached from the analysis and estimates the demand for the project using growth projections and income distributions.

The conclusions reached in a market study are inherently subjective and should not be relied upon as a determinative predictor of results that will actually occur in the marketplace. There can be no assurance that the estimates made or assumptions employed in preparing this report will in fact be realized or that other methods or assumptions might not be appropriate. The conclusions expressed in this report are as of the date of this report, and an analysis conducted as of another date may require different conclusions. The actual results achieved will depend on a variety of factors including the performance of management, the impact of changes in general and local economic conditions and the absence of material changes in the regulatory or competitive environment. Reference is made to the statement of Underlying Assumptions and Limiting Conditions attached as Appendix I and incorporated in this report.

### III. Location and Neighborhood Context

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#### A. Project Description

Mineral Springs Apartments will be located less than one-half mile east of downtown Blue Ridge, Fannin County, Georgia. The subject site is located less than one mile from Fannin County's two major thoroughfares, Highways 5 and 76. The site is an 11.5 acre tract on the south side of Mineral Springs Road, approximately one quarter mile west of its intersection with Aska Road. The rental community will include 32 newly constructed garden style units and 35 renovated townhouse units. The vacant portion of the site, located to the east of the existing townhouse units, is primarily cleared land. The site benefits from a large number of mature trees surrounding it, which provide a natural buffer from surrounding land uses and enhance curb appeal. The site is bordered to the north by Mineral Springs Road and single-family detached homes, to the east by vacant land, to the south by vacant land and a large hill, and to the west by vacant land.

The proposed site is located on the southeastern periphery of the more densely populated area of Blue Ridge. The majority of the development in the city of Blue Ridge is center along Highway 76 and Old Highway 76 within approximately one mile of the subject site. The area of the county to the south and east of the subject site is more sparsely developed.

Ingress and egress will be available off Mineral Springs Road. Mineral Springs Road is a lightly traveled residential street with a speed limit of 35 miles per hour. No problems are expected with ingress or egress. The traffic on this road is minimal, even during peak hours.

The proposed community will be compatible with surrounding land uses. The majority of the development in the immediate area surrounding the site consists of single-family detached homes. The majority of the surrounding land is zoned for residential use. The zoning is not expected to change.

**Figure 1 Site Location Photos**



***View of site facing east.***



***View of site facing north from site.***





*View of site facing west.*



*View of site facing south.*





*View of townhouse units from east.*



*Townhouse units.*

**Figure 2 Surrounding Land Uses Photos**



**Mineral Springs Road facing east.**



**Mineral Springs Road facing west.**



*Single-family dwelling opposite site on Mineral Springs Road.*



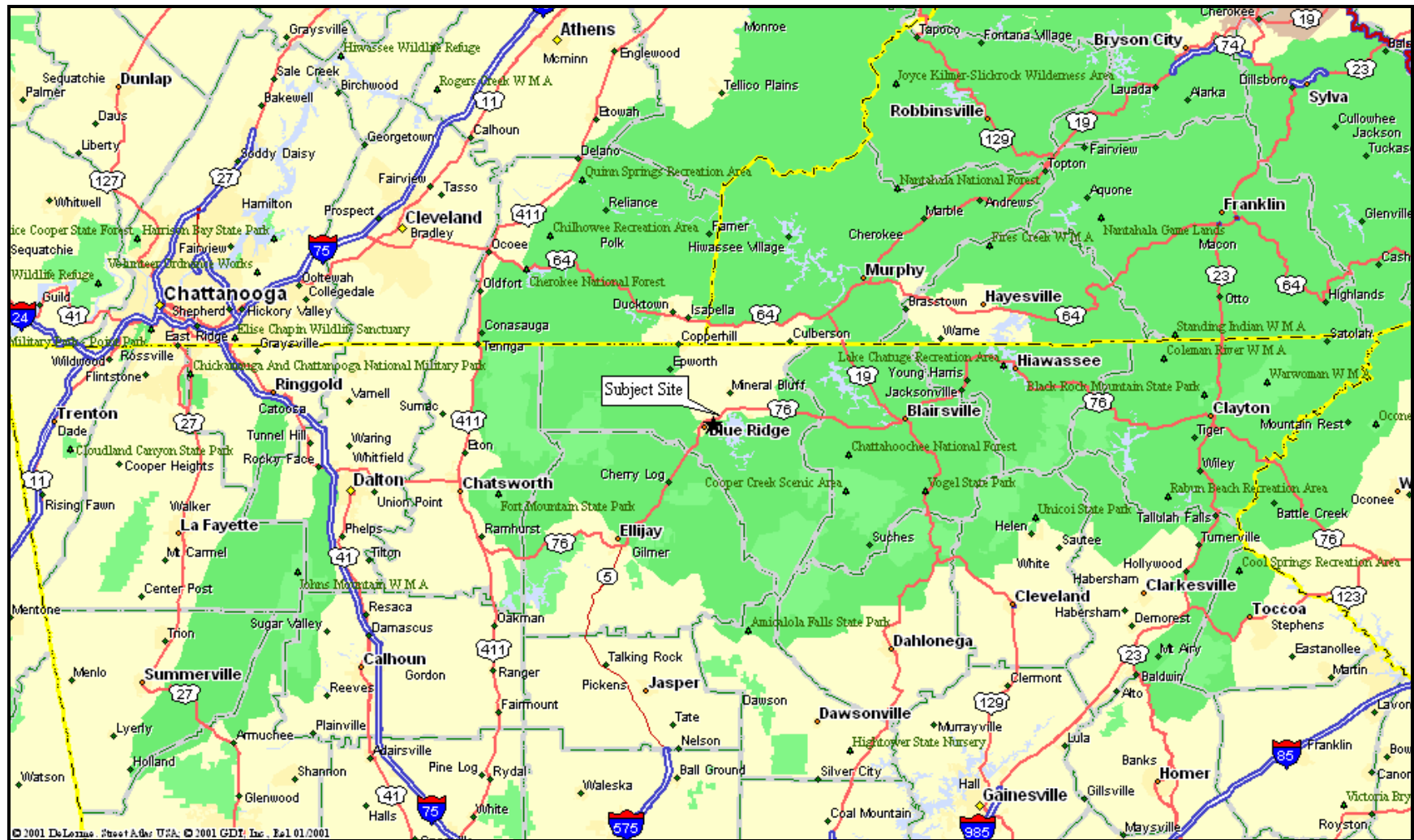
*Single-family dwelling opposite site on Mineral Springs Road.*

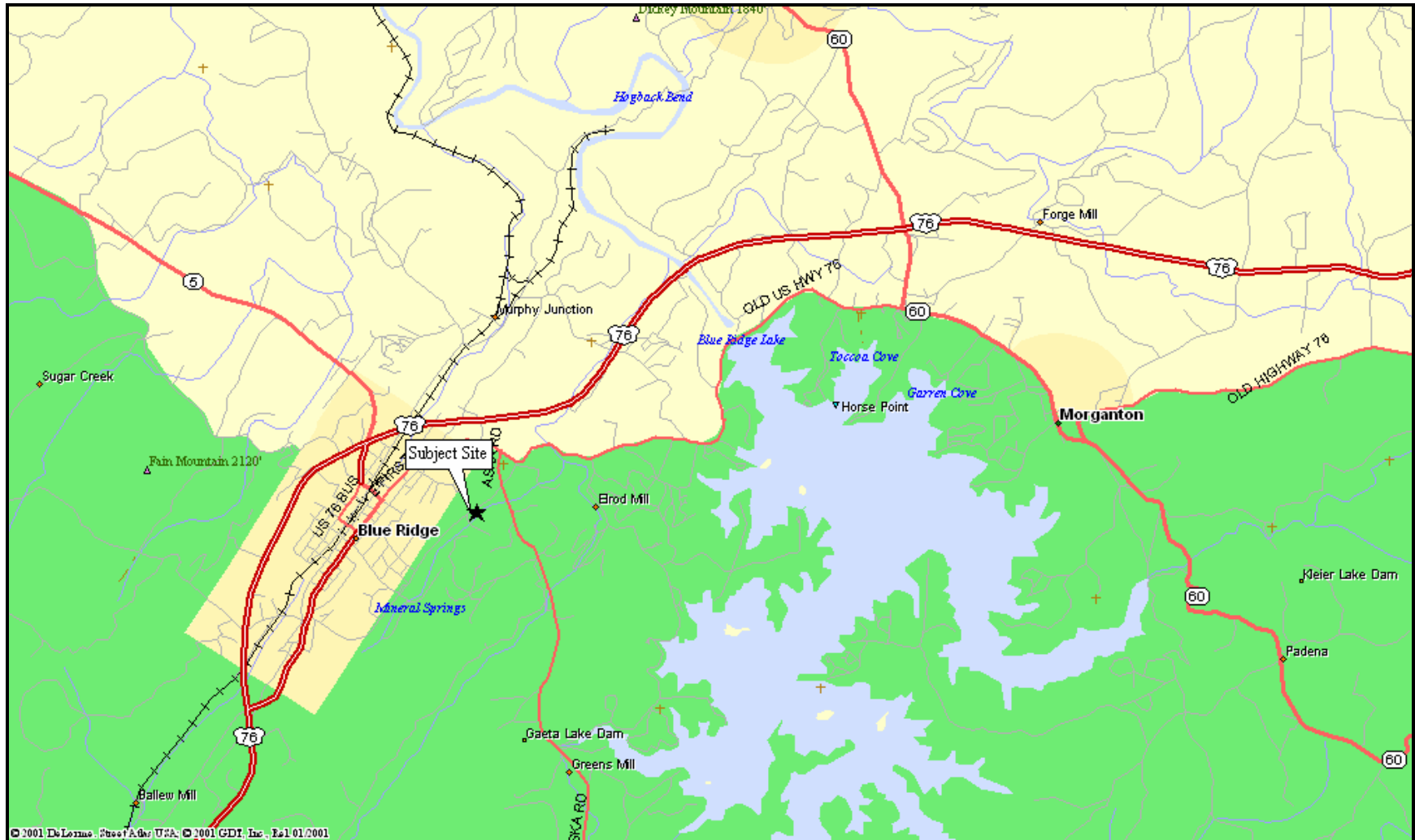


*View of small church, located at the intersection of Mineral Springs Road and Aska Road.*

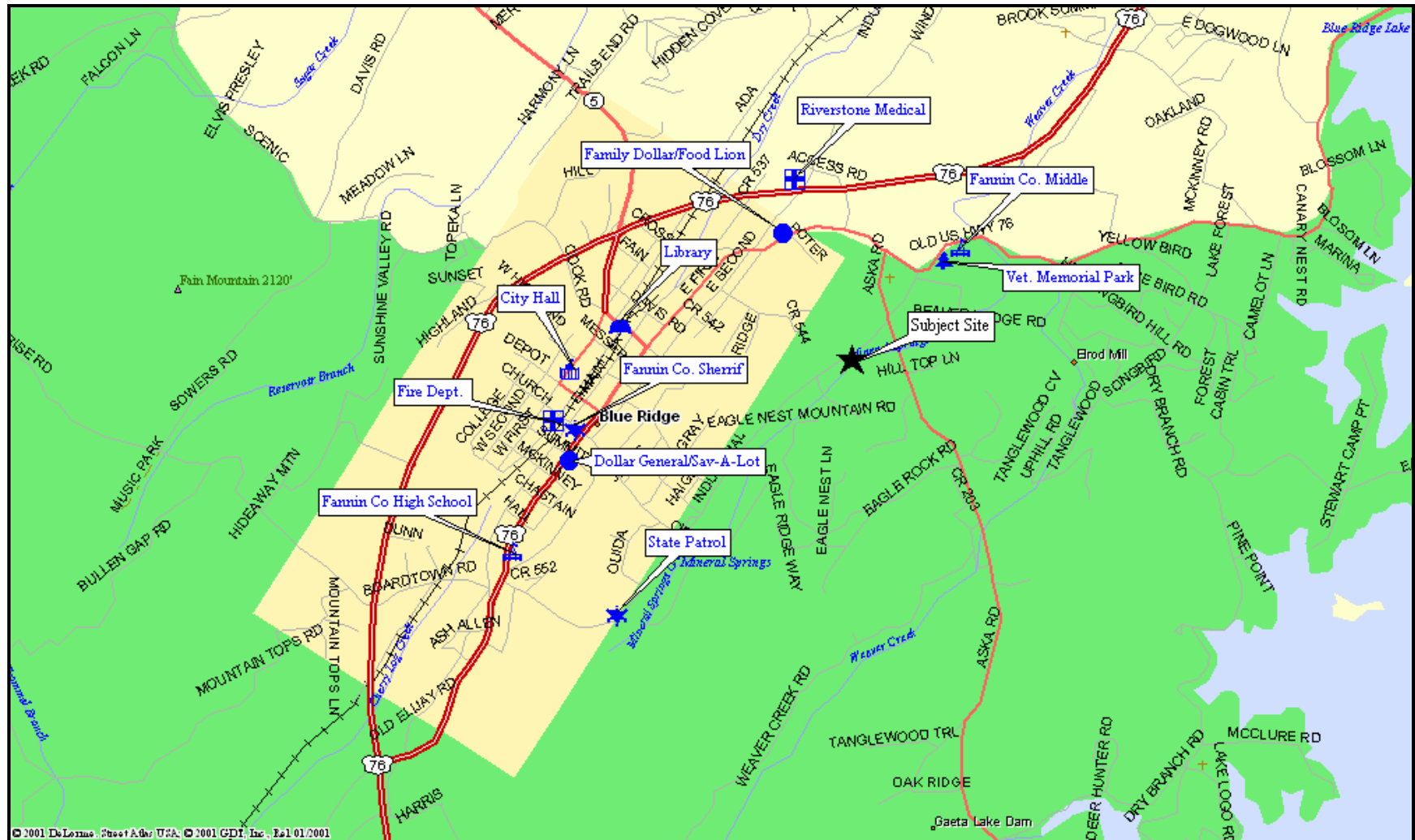


Map 1 Site Location, Mineral Springs





**Map 2 Site Amenities, Mineral Springs**



**Table 2 Site Amenities, Mineral Springs**

Establishment	Type	Address	Distance
Food Lion	Grocery Store	4295 Old Highway 76	0.4 Mile
Family Dollar	General Merchandise	4157 East First Street	0.5 Mile
Blue Ridge City Hall	Government	3101 E First Street	0.5 Mile
Fannin County Middle School	Public School	4560 Old Highway 76	0.6 Mile
Fannin County Veterans Memorial Park	Public Park	Old Highway 76	0.6 Mile
Dollar General	General Merchandise	2686 E First Street	0.6 Mile
Sav-A-Lot	Grocery Store	2672 E First Street	0.6 Mile
Fannin County High School	Public School	2346 E First Street	0.7 Mile
Fannin County Library	Public Library	105 Mountain Street	0.7 Mile
Fannin County Sheriff	Police	181 Church Street	0.9 Mile
Blue Ridge Elementary School	Public School	224 E Highland Street	0.9 Mile
Fannin County Emergency Medicine	Medical Center	181 Church Street	0.9 Mile
Blue Ridge Fire Department	Fire Protection	344 W Main Street	1.0 Mile
State Patrol	Police	159 Industrial Blvd.	1.1 Miles
Riverstone Medical Center	Medical Center	101 Riverstone Vista	1.5 Miles

The subject site is located on the south side of Mineral Springs Road, approximately one-half mile southeast of downtown Blue Ridge. The proposed site is easily accessible via Highway 76 and Old Highway 76, two of the city's major traffic arteries. Although located near community amenities and traffic arteries, the subject site will benefit from its sparsely developed surroundings. The only development in the immediate are consists of moderate value single-family detached homes.

The newly developed rental community will feature 67 two, three and four bedroom units. The unit mix will be comprised of 32 newly constructed units in two-story garden buildings and 35 renovated townhouse units. The community will also feature a separate, newly constructed community and management building. The proposed two-bedroom units will have 960 square feet, three-bedroom units will have 1,267 square feet, and four-bedroom units will have 1,428 square feet. According to information provided by DCA, all but three of the renovated townhouse units will remain occupied.

Each of the newly constructed/renovated units at Mineral Springs Apartments will feature:

- Full kitchens including a range, a refrigerator, a dishwasher, a garbage disposal, a pantry, and a microwave oven.
- Wall-to-wall carpeting in the bedrooms, living room, dining room and hallways. The kitchen, entry and bathrooms will feature scuff-resistant vinyl flooring.
- Washer and dryer connections.



- An energy efficient electric central heating and air conditioning system.

Common area amenities will include a community building with recreation areas, management offices, a community laundry facility, a computer/business center and an exercise room. Additional recreational amenities will include an equipped picnic/barbeque area, a tot lot, and a large covered pavilion.

**Table 3 Proposed Unit Configuration and Rents**

<b>Unit Type</b>	<b>AMI Level</b>	<b>Bedrooms</b>	<b>Bulding Type</b>	<b>Units</b>	<b>Avg. Size</b>	<b>Net Rent</b>	<b>Rent/Sq Ft</b>
PBRA	30%	3	Garden	4	1,267	\$212	\$0.17
PBRA	30%	4	Garden	3	1,428	\$218	\$0.15
LIHTC	50%	2	Garden	21	960	\$393	\$0.41
LIHTC	60%	3	Garden	20	1,267	\$557	\$0.44
LIHTC	60%	4	Garden	5	1,428	\$604	\$0.42
MKT RATE	80%	2	Garden	14	960	\$585	\$0.61
<b>Total/Avg.</b>				<b>67</b>	<b>1,126</b>	<b>\$479</b>	<b>\$0.43</b>

## B. Neighborhood Characteristics

The Mineral Springs rental community will be located within one mile of downtown Blue Ridge. In addition to Blue Ridge, Fannin County is home to the three smaller communities of Mineral Bluff, Morganton, and McCaysville. Although not the county seat, Blue Ridge is the largest of Fannin County's cities. Fannin County is bordered to the north by Polk County, Tennessee and Cherokee County, North Carolina.

Fannin County is located in the heart of the north Georgia mountains. Much of the land in Fannin County is under Forest Service management. Beginning as the Cherokee and later the Georgia National Forest, today's Chattahoochee National Forest is the largest in the state of Georgia. The proximity to the national forest, including Lake Blue Ridge provide numerous recreational activities.

The mountainous and national forest presence in Fannin County has restricted it growth over the past several decades. Development in Fannin County has increased significantly over the past five years. Much of this development is attributed to the increase in vacation or second home purchases. Log cabin development is a growing business in Fannin County. This secondary residential growth has lead to an increased in retail establishments and service oriented businesses.

## C. Shopping

The majority of the retail establishments in Blue Ridge are located along either Highway 76 or Old Highway 76 (East First Street). The closest retail establishments are located in a small strip shopping center just west of the intersection of Aska Road and Old Highway 76. Stores located in and around this shopping center include Food Lion, China I, H&R Block, Domino's Pizza, KFC, Waffle King and Ace Hardware.

Additional stores located within one mile of the subject site include Sav-A-Lot Grocery, Dollar General, Family Dollar, Ingles, CVS Pharmacy, Goody's, and Rose's. Approximately seven restaurants are located within one mile of the subject site.

A large retail center is under construction at the intersection of Highway 76 and McKinney Road.



*Food Lion.*

## D. Medical

The largest medical facility in Fannin County is Fannin Regional Hospital, located on Highway 5 North in Blue Ridge. This 34-bed acute care facility offers a wide range of medical services including general medicine, surgery, intensive care and a birthing center. This facility is located within three miles of the subject site.

Riverstone Medical Campus is a new multi-specialty clinic featuring a full-service pharmacy, laboratory, sleep disorder center, imaging center, oncology clinic, and primary and specialty physicians. This newly constructed facility is located within two miles of the subject site.

Additional medical facilities include smaller medical clinics and independent physicians. Several clinics, including Georgia Mountain Health, are located within three miles of the subject property.



*Riverstone Medical Center.*

## E. Schools

Residents of Blue Ridge and Fannin County are served by the Fannin County School System. The Fannin County School System is comprised of three elementary schools, one middle school, one high school, and one vocational school. Total enrollment in the school systems averages over 3,200 and more than 250 teachers are employed full-time.

The closest public schools to the proposed site include Blue Ridge Elementary (0.9 mile from site), Fannin County Middle School (0.6 mile from site), and Dade County High School (0.7 mile from site).

Blue Ridge is located within 50 miles of several colleges and universities. Those within a 50 mile radius include Appalachian Technical College, North Georgia Technical College, Toccoa Falls College, Young Harris College, and North Georgia College and State University.



*Fannin County Middle School entrance.*

#### IV. Socio-Economic and Demographic Content

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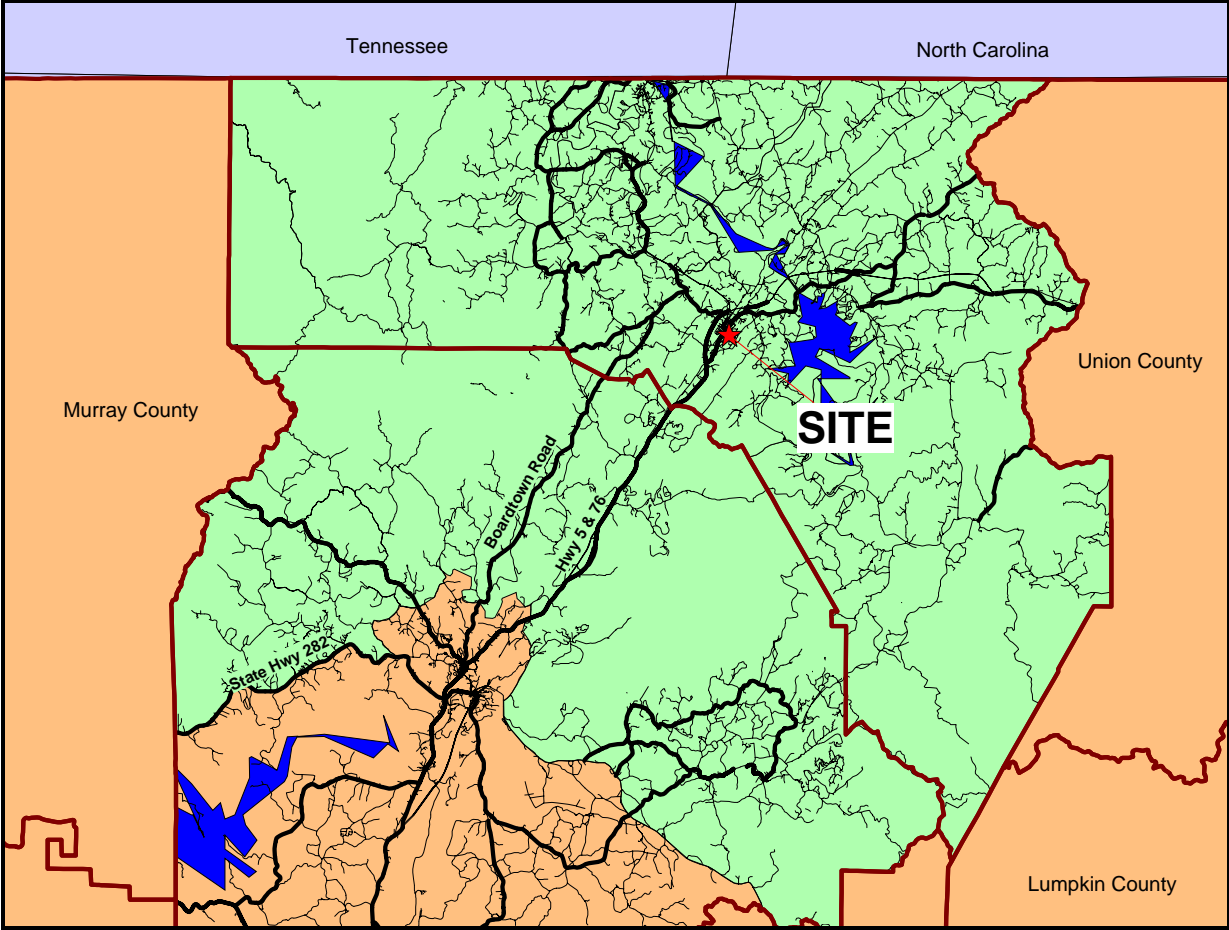
The primary market area for Mineral Springs Apartments comprises all of Fannin County and the northern half of Gilmer County the south. The approximate boundaries of the primary market area are Tennessee and North Carolina to the north (8.36 miles), Union County to the east (10.15 miles), the northern edge of Ellijay/Highways 52 and 282 to the south (12.35 miles) and Murray County to the west (17.33 miles). The size and shape of the market area was impacted by the relatively large size and shape of the census tracts in this area of the state, especially to the west. Given the sparsely populated nature of this region of northern Georgia, the inclusion of some of these larger census tracts within the PMA does not unduly influence the demand estimates for the proposed development.

The primary market area includes year 2000 census tracts 0502, 0503, 0501, 0505, 0504, 0802, and 0801. A map of this market area is shown on page 19.

Demographic data on the Tri-County Market Area, defined as a combination of Fannin, Gilmer and Union Counties, is included for comparison purposes. Demand estimates will be shown only for the primary market area.

According to the property manager of Brooks Summit, the most comparable rental community in Blue Ridge, the majority of tenants come from within Fannin County. A small percentage come from Gilmer County to the south, but not many. The primary market area does not include the city of Ellijay. Ellijay is located approximately 16 miles south of the subject site and has many more rental options than Blue Ridge. Furthermore, Ellijay is much more accessible and conveniently located to cities on the fringe of the Atlanta MSA including Jasper and Canton. It would be unlikely for residents of Ellijay to move to Blue Ridge for a rental option similar to those available nearby. The inclusion of this city in the market area would result in an overestimation of demand.

Map 3 Primary Market Area



## **A. Economic Context**

Total at place employment has increased at a slow but steady rate within Fannin County since 1990 (Table 4). In 2001, employment had reached 4,878 as job growth averaged over 130 jobs annually since 1990. Overall, the county has experienced a net increase of over 1,450 jobs or 42 percent since 1990. Total at-place employment increased each year between 1990 and 2001. Contrary to national trends, Fannin County has experienced an increase in jobs over the past two years as 2001 and the first three quarters of 2002 experienced a net increase total employment. On a percentage basis, job growth in Fannin County has been just below the national employment growth over the last five years of the previous decade (Table 6).

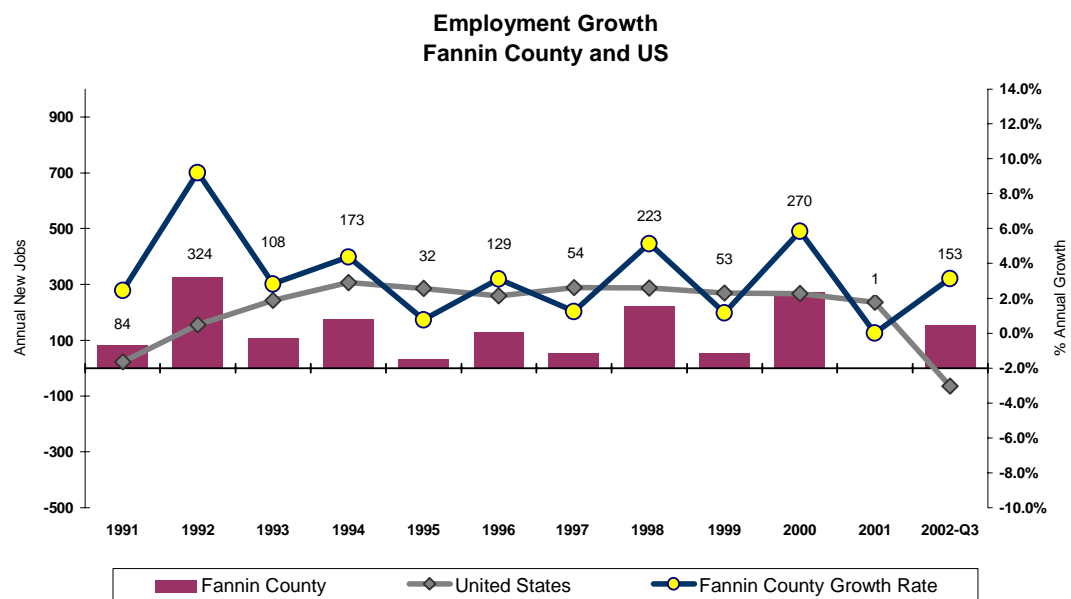
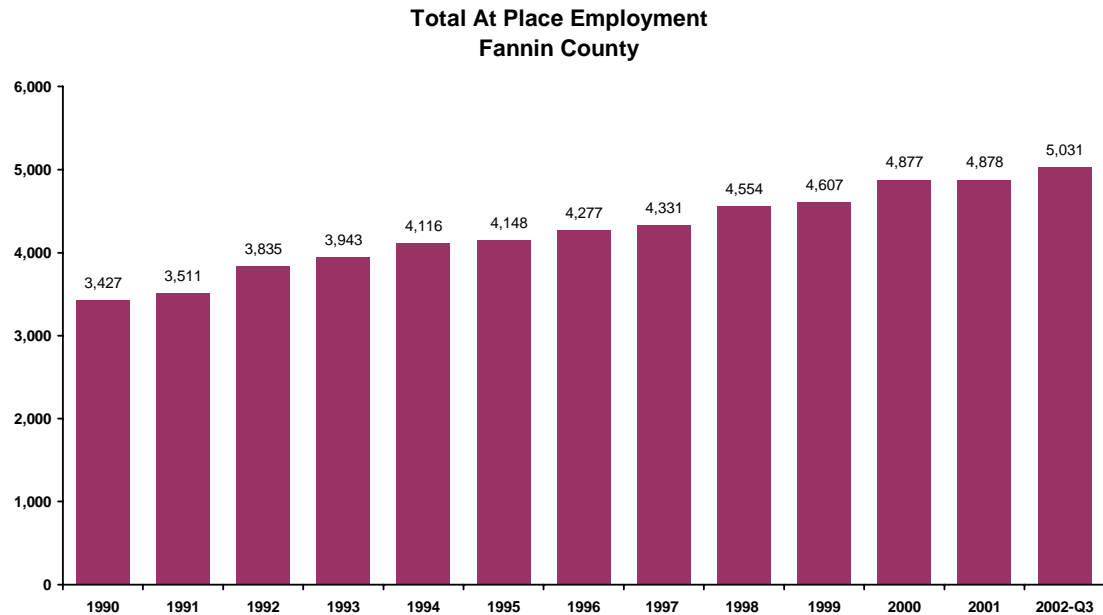
The labor force in Fannin County has grown steadily over the past 13 years. Fannin County's labor force has increased 12 of 13 years since 1990, including preliminary figures through April of this year (Table 5).

Unemployment rates in Fannin County have remained higher than the unemployment rates in the state of Georgia, while following similar trends. Unemployment in the county has fluctuated over the past 13 years, however the predominate trend has been decline. Between 1990 and 2002, the unemployment rate decreased six years and increased during the other six years. The overall unemployment rate has decreased significantly from the decade high of 8.4 percent in 1992, with an annual unemployment rate of 4.6 percent in 2002. The unemployment rate in Fannin County increased 1.0 percentage point between 2001 and 2002, compared to 0.6 and 0.9 percentage point increases in Georgia and the United States, respectively. During the first four months of 2003, Fannin County's unemployment rate has increased by 1.1 percentage points while Georgia's has decreased by 0.2 percentage point. The nation's unemployment increased 0.1 percentage point. The increase in the unemployment rate in Fannin County has been fueled by the increase in the size of the labor force rather than a loss of jobs.

The stable economic conditions in Fannin County indicate that the calculated demand estimates and capture rates will be achievable independent of market

conditions. The current economics of the area will not prevent the proposed development from achieving the calculated capture rates.

**Table 4 At Place Employment, Fannin County 1990-2002**

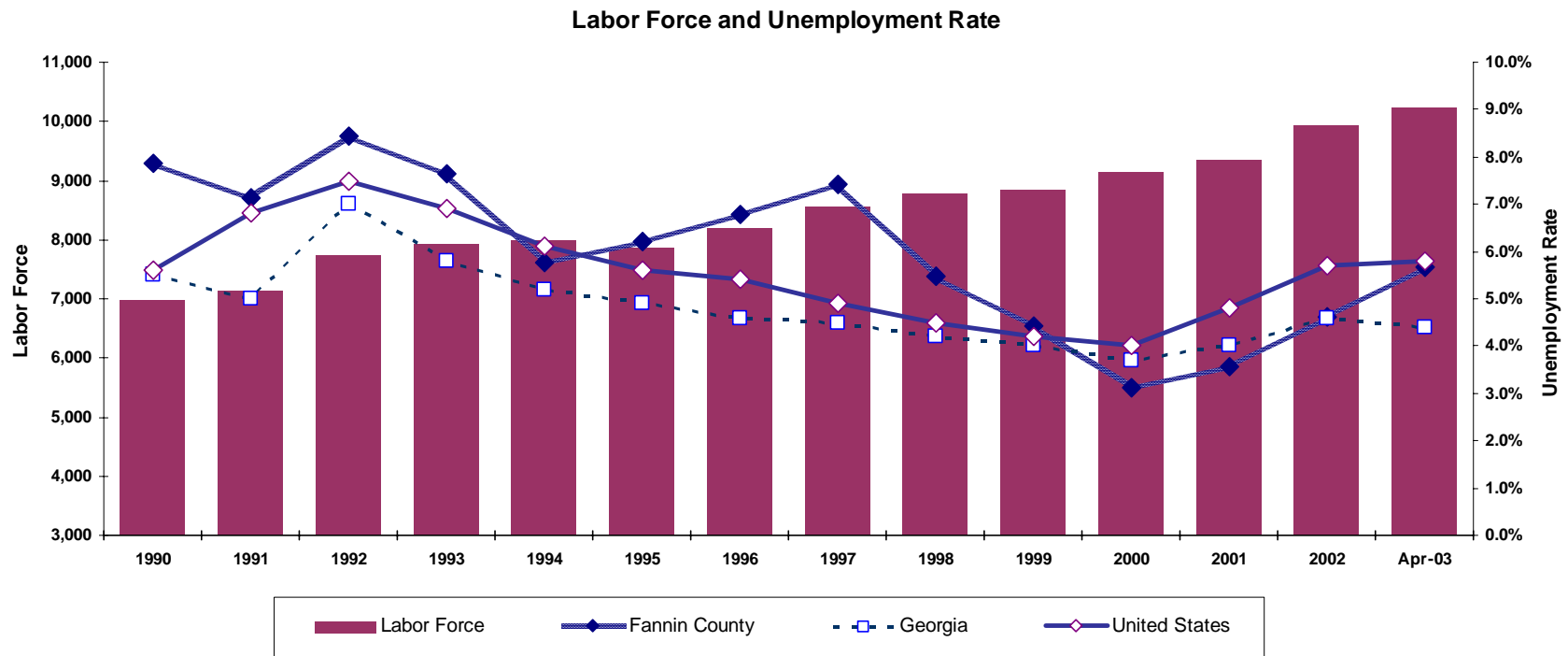




**Table 5 Labor Force and Unemployment Rates, Fannin County**

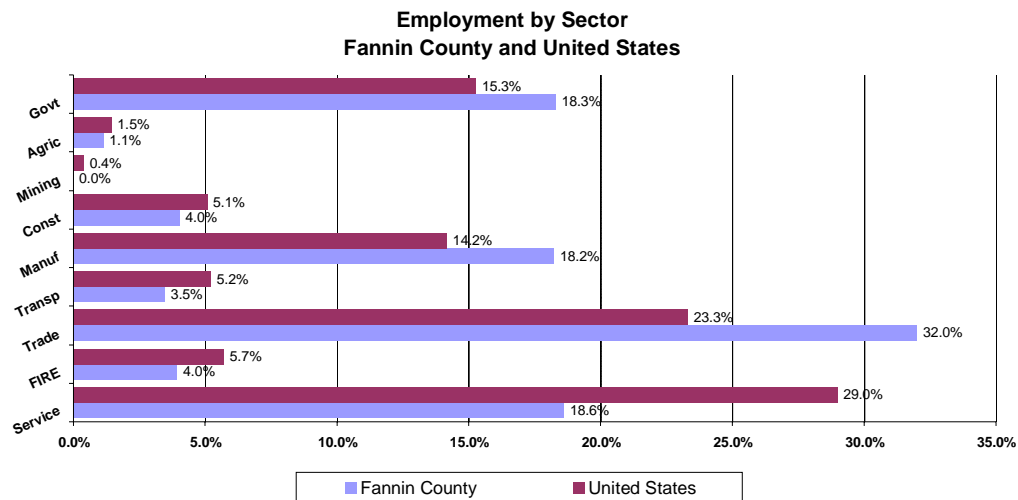
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Apr-03
Labor Force	6,980	7,133	7,738	7,905	7,987	7,878	8,201	8,554	8,796	8,830	9,148	9,344	9,933	10,240
Employment	6,431	6,625	7,086	7,301	7,527	7,388	7,645	7,919	8,313	8,439	8,862	9,011	9,475	9,660
Unemployment	549	508	652	604	460	490	556	635	483	391	286	333	458	580
Unemployment Rate														
Fannin County	7.9%	7.1%	8.4%	7.6%	5.8%	6.2%	6.8%	7.4%	5.5%	4.4%	3.1%	3.6%	4.6%	5.7%
Georgia	5.5%	5.0%	7.0%	5.8%	5.2%	4.9%	4.6%	4.5%	4.2%	4.0%	3.7%	4.0%	4.6%	4.4%
United States	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.8%	5.7%	5.8%

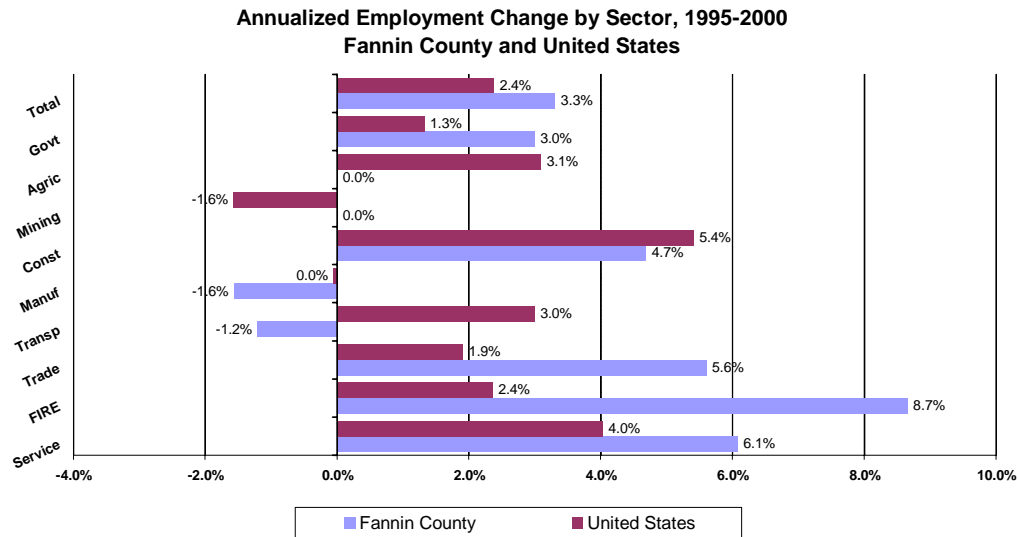
Source: Georgia Department of Labor Licensing and Regulation



Compared to the nation, Fannin County has a higher proportion of jobs in the government, manufacturing and trade sectors of the economy and a smaller proportion in all other sectors. At-place employment figures indicate that the trade and service sectors' employment growth is fueling Fannin County's economy. The trade sector of the economy is the largest sector in terms of total employment and has experienced the third fastest annual rate of growth, 5.6 percent. The service sector experienced the fastest rate of growth at 6.1 percent and represents the second largest sector. The fastest growth rate was experienced in the FIRE sector (8.7 percent), however this sector accounts for only 4 percent of the total employment (Table 6). Large sectors with moderate growth rates have a larger impact on the area's economic growth than small sectors with rapid growth rates.

**Table 6 Employment by Sector, Fannin County 1995-2000**





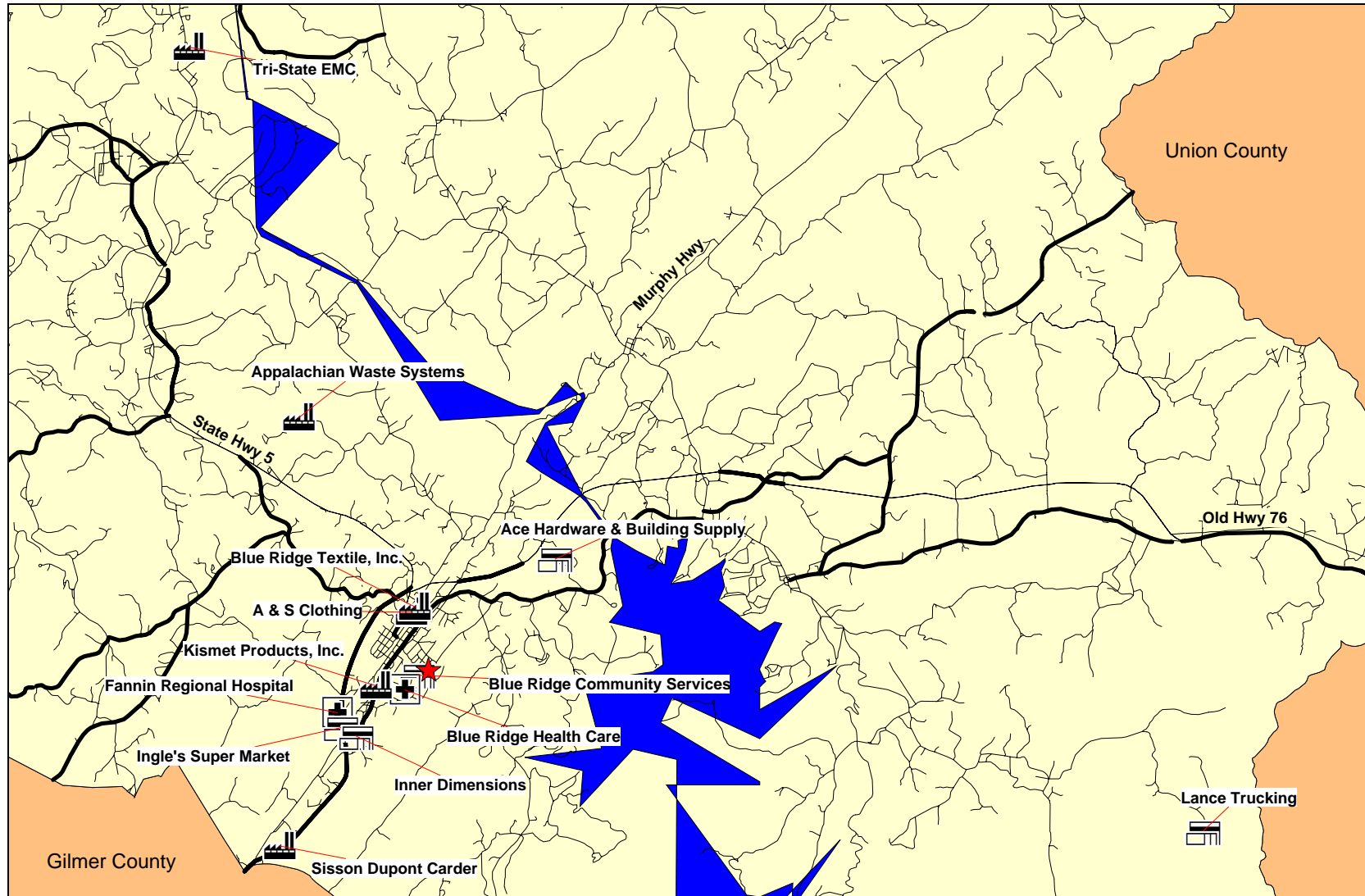
While relatively small in terms of number of employers, major employers in Fannin County include a wide range of employers including manufacturers, retailers, healthcare providers, and government entities. The majority of these major employers are located within five miles of Blue Ridge and therefore the subject site. Employment centers will be easily accessible from the site via Highways 5 and 76.

**Table 7 Major Employers, Fannin County**

Employer	Employees
A&S Clothing	45
Ace Hardware	94
Appalachian Waste Systems	45
Blue Ridge Community Services	25
Blue Ridge Healthcare	100
Clue Ridge Textile Manufacturing	105
Fannin County Government	175
Fannin County Schools	
Fannin Regional Hospital	160
Ingle's Market	70
Inner Dimensions	49
Kismet Products, Inc.	38
Lance Trucking	40
Sisson Dupont Carder	38
Sisson Log Homes	21
Tri-State EMC	48
United Community Bank	80

Source: Fannin County Chamber of Commerce

**Map 4 Major Employers**



## **B. Growth Trends**

The population and household statistics for the primary market area and the Tri-County Market Area are based on the 1990 and 2000 Census counts, and projected growth rates derived by Claritas, Inc., a national data vendor. The Claritas growth rates have been applied to the 2000 Census totals for both the primary market area and the Tri-County Market Area.

The primary market area's 2000 population represents an increase of 6,850 persons or 30.9 percent from the 1990 Census count. At 46.4 percent, the rate of increase of the Tri-County Market Area's population has been higher during the same time period. From 2000 to 2005, the total population in the primary market area is expected to increase by 3,493 or 12.5 percent. The Tri-County Market Area's population is expected to increase at a faster pace for an increase of 15.9 percent or 9,653 people during the same five-year time period.

Based on 1990 and 2000 Census data, the PMA experienced an increase of 3,298 households, while the Tri-County Market Area increased by a total of 8,484 households (Table 8). This change equates to a 39.5 percent increase in the primary market area compared to a 52.6 percent increase in the Tri-County Market Area. The annual compounded rates of household growth were 3.4 percent in the PMA and 4.3 percent in the Tri-County Market Area.

Projections show that the PMA's household count is expected to increase by 1,822 or 15.6 percent by 2005 compared to an increase of 4,405 households or 17.9 percent in the Tri-County Market Area. Annual increases are projected to be 364 households or 2.9 percent in the primary market area and 881 households or 3.3 percent in the Tri-County Market Area.

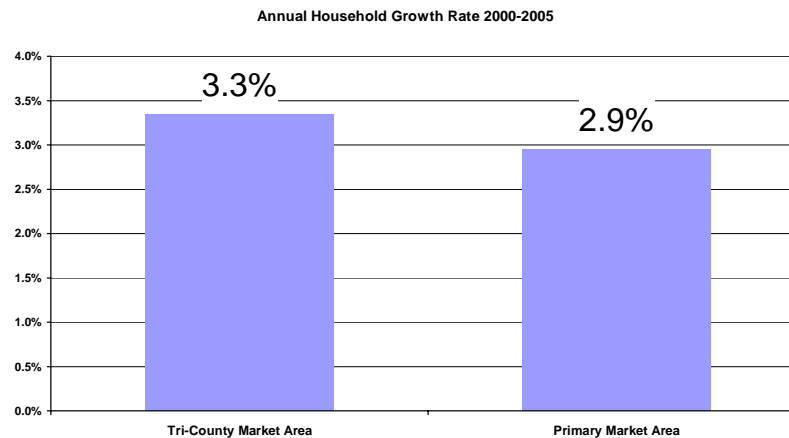
**Table 8 Trends in Population and Households, PMA and Tri-County Market Area**

Tri-County Market Area				Change 1990 to 2000				Change 2000 to 2005			
				Total		Annual		Total		Annual	
	1990	2000	2005	#	%	#	%	#	%	#	%
Population	41,353	60,543	70,196	19,190	46.4%	1,919	3.9%	9,653	15.9%	1,931	3.0%
Group Quarters	543	753	753								
Households	16,115	24,599	29,004	8,484	52.6%	848	4.3%	4,405	17.9%	881	3.3%
Average HH Size	2.53	2.43	2.39								

Primary Market Area				Change 1990 to 2000				Change 2000 to 2005			
				Total		Annual		Total		Annual	
	1990	2000	2005	#	%	#	%	#	%	#	%
Population	21,272	27,852	31,345	6,580	30.9%	658	2.7%	3,493	12.5%	699	2.4%
Group Quarters	129	203	204								
Households	8,345	11,643	13,465	3,298	39.5%	330	3.4%	1,822	15.6%	364	2.9%
Average HH Size	2.53	2.37	2.31								

Note: Annual change is compounded rate.

Source: 1990 and 2000 - 1990 and 2000 Censuses of Population and Housing; Projections, RPRG Estimates

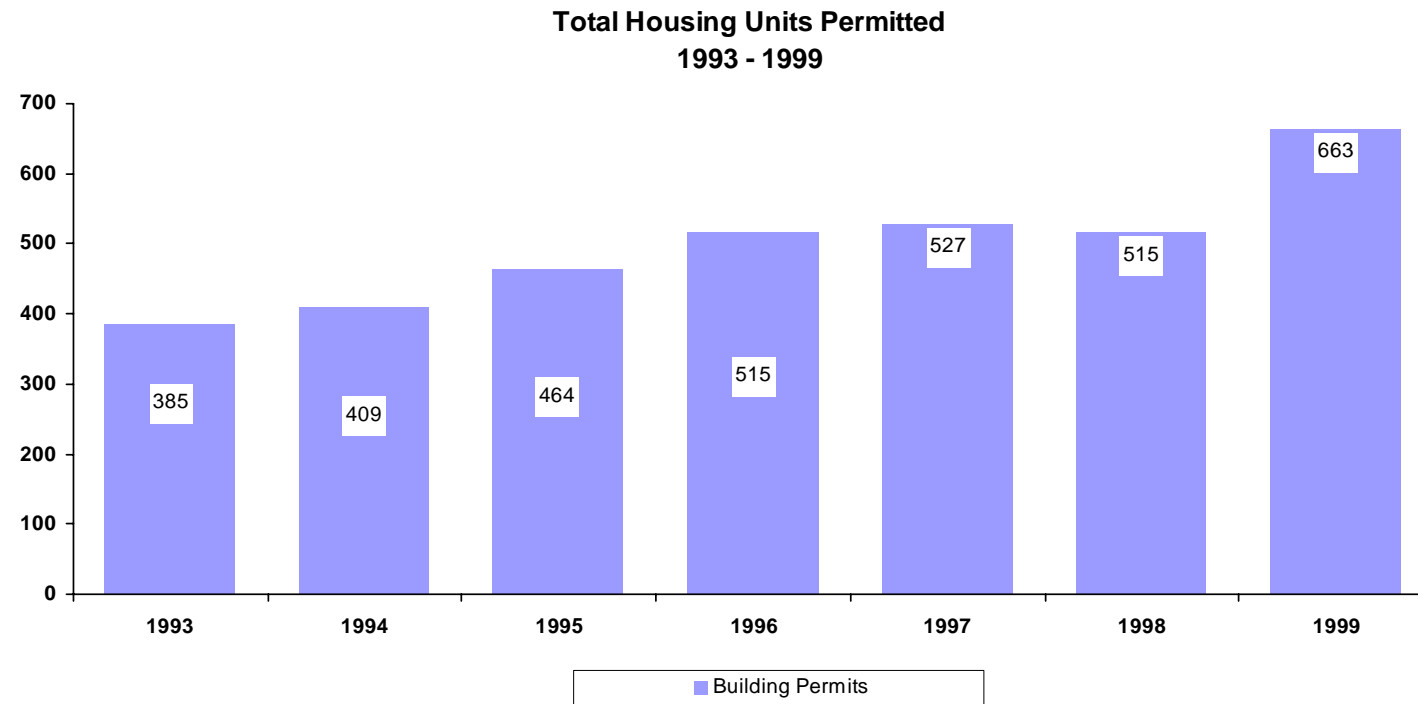


Building permit data reported in the U.S. Census Bureau's C-40 Report indicates that moderate building permit activity occurred during the past decade (Table 9). Building permit data between 1993 and 1999 show that an average of 497 units was permitted per year. The number of units permitted steady increased over this seven year time period. Data on subsequent years is unavailable at this time. Given the continued household growth, it is projected that building permit issuances followed a similar trend as illustrate between 1993 and 1999.

**Table 9 Fannin County Building Permits, 1990 - 2002**

Fannin County									
	1993	1994	1995	1996	1997	1998	1999	1993-1999	Annual
Single Family	385	409	464	515	527	515	663	3,478	497
Two Family	0	0	0	0	0	0	0	0	0
3 - 4 Family	0	0	0	0	0	0	0	0	0
5 or more Family	0	0	0	0	0	0	0	0	0
Total	385	409	464	515	527	515	663	3,478	497

Source: US Census Bureau, C-40 Building Permit Reports





## **C. Demographic Characteristics**

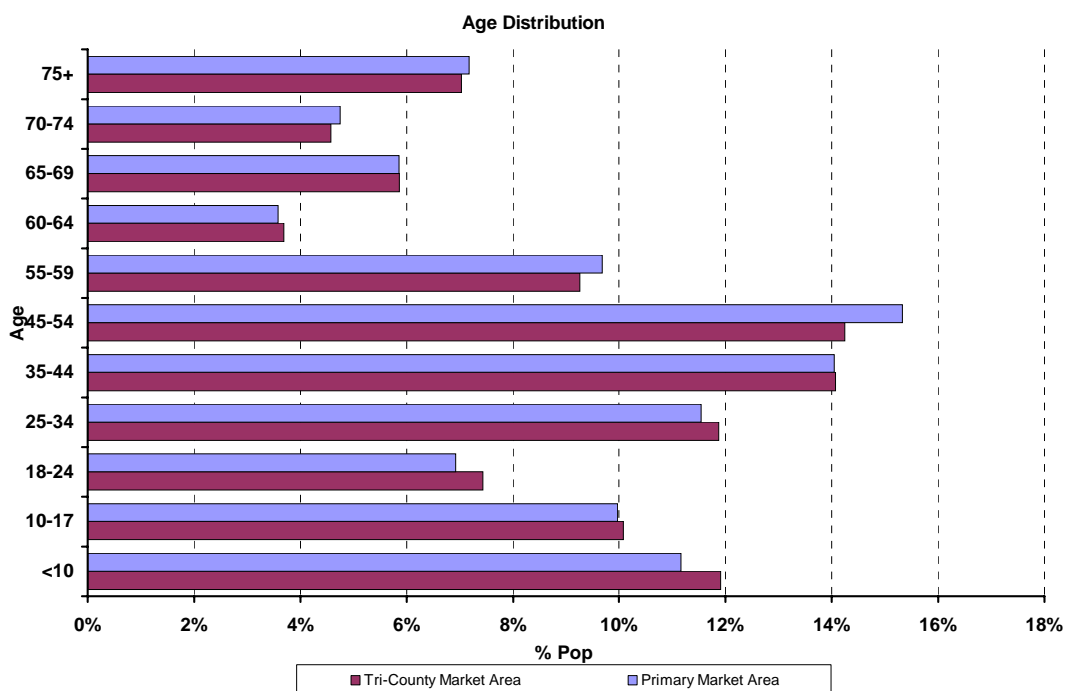
The age distribution of the primary market area and the Tri-County Market Area have strong similarities. Among the 11 age cohorts, the largest differential between the two geographies was 0.9 percentage point. The majority of the age classifications were separated by less than 0.5 percentage point. The primary market area has a slightly higher percentage of its residents between 45 and 59 years and over the age of 70 years. Renters are most common among householders age 25 to 44 years of age. This age grouping accounts for 25.5 percent of the PMA's population and 26 percent of the Tri-County Market Area's population (Table 10).

In terms of household types (Table 11), the primary market area and Tri-County Market Area have nearly identical percentage of married households with 61.2 percent in the PMA and 61.3 percent in the Tri-County Market Area. The primary market area has a lower occurrence of children as 26.3 percentage of its households have children present compared to 27.3 percent in the Tri-County Market Area. The primary market area has a higher percentage single person households, which is expected given the heavier concentration in the older age cohorts.

**Table 10 2000 Age Distribution**

	Tri-County Market Area		Primary Market Area	
	Number	Percent	Number	Percent
Under 10 years	7,207	11.9%	3,109	11.2%
10-17 years	6,099	10.1%	2,776	10.0%
18-24 years	4,502	7.4%	1,928	6.9%
25-34 years	7,184	11.9%	3,214	11.5%
35-44 years	8,514	14.1%	3,913	14.0%
45-54 years	8,625	14.2%	4,269	15.3%
55-59 years	5,603	9.3%	2,695	9.7%
60-64 years	2,233	3.7%	996	3.6%
65-69 years	3,550	5.9%	1,630	5.9%
70-74 years	2,770	4.6%	1,324	4.8%
75 and older	4,256	7.0%	1,998	7.2%
<b>TOTAL</b>	<b>60,543</b>	<b>100.0%</b>	<b>27,852</b>	<b>100.0%</b>

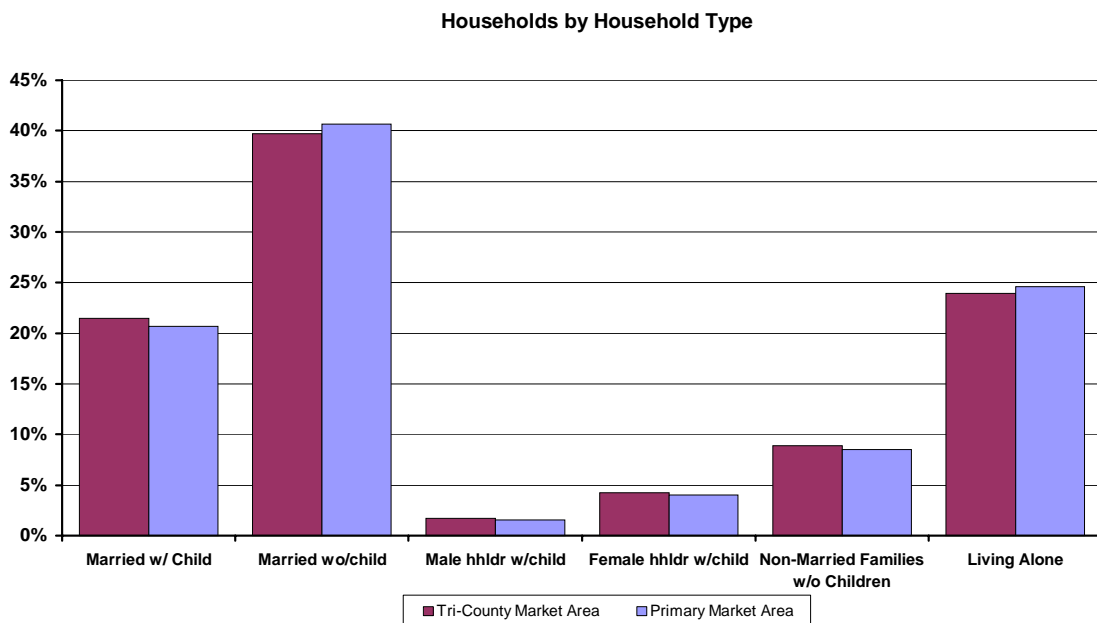
Source: U.S. Census of Population and Housing, 2000.



**Table 11 2000 Households by Household Type**

	Tri-County Market Area		Primary Market Area	
	#	%	#	%
Married w/ Child	5,280	21.5%	2,408	20.7%
Married wo/child	9,770	39.7%	4,732	40.6%
Male hhldr w/child	422	1.7%	182	1.6%
Female hhldr w/child	1,047	4.3%	467	4.0%
Non-Married Families w/o Children	2,187	8.9%	993	8.5%
Living Alone	5,893	24.0%	2,861	24.6%
<b>Total</b>	<b>24,599</b>	<b>100.0%</b>	<b>11,643</b>	<b>100.0%</b>

Source: 2000 Census



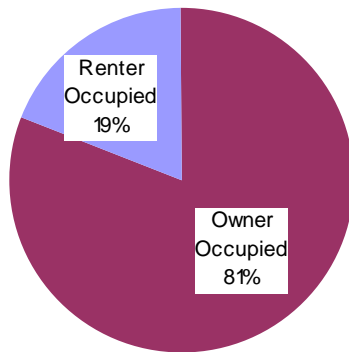
The vast majority of the householders in the primary market area and the Tri-County Market Area own their homes. In 2000, only 16.2 percent of the householders in the PMA were renters (Table 12). In comparison, 19.2 percent of the Tri-County Market Area householders rented.

**Table 12 Dwelling Units by Occupancy Status**

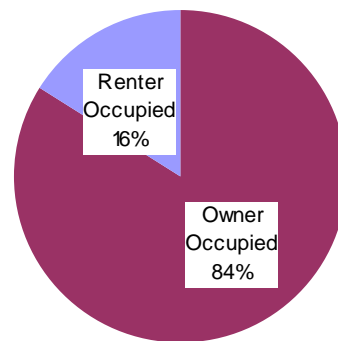
<b>2000 Households</b>	<b>Tri-County Market Area</b>		<b>Primary Market Area</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Owner Occupied	19,886	80.8%	9,762	83.8%
Renter Occupied	4,713	19.2%	1,881	16.2%
<b>Total Occupied</b>	<b>24,599</b>	<b>100.0%</b>	<b>11,643</b>	<b>100.0%</b>

Source: 2000 Census

**Tri-County Market Area**



**Primary Market Area**



Comparing the age of householders by tenure reveals the similarities with the overall age distribution between the two geographies. The primary market area has a higher or equal percentage of its owner occupied householders in the older age brackets (75+), while the Tri-County Market Area has an equal or higher percentage in 5 of the 6 age cohorts under age 75 (Table 13). For renter occupied households, the difference is more defined. The primary market area has a greater percentage of its householders age 45-84 years and a smaller percentage in the remainder of the age classifications.

**Table 13 2000 Households by Tenure & Age of Householder**

<b>Owner Households</b>		<b>Tri-County Market Area</b>		<b>Primary Market Area</b>	
Age of HHldr	Number	Percent	Number	Percent	
15-24 years	405	2.0%	193	2.0%	
25-34 years	2,169	10.9%	1,062	10.9%	
35-44 years	3,407	17.1%	1,618	16.6%	
45-54 years	3,940	19.8%	2,021	20.7%	
55-64 years	3,989	20.1%	1,933	19.8%	
65-74 years	3,675	18.5%	1,750	17.9%	
75 to 84 years	1,874	9.4%	946	9.7%	
85+ years	427	2.1%	239	2.4%	
<b>Total</b>	<b>19,886</b>	<b>100%</b>	<b>9,762</b>	<b>100%</b>	

<b>Renter Households</b>		<b>Tri-County Market Area</b>		<b>Primary Market Area</b>	
Age of HHldr	Number	Percent	Number	Percent	
15-24 years	492	10.4%	185	9.8%	
25-34 years	1,062	22.5%	411	21.9%	
35-44 years	1,023	21.7%	400	21.3%	
45-54 years	711	15.1%	296	15.7%	
55-64 years	482	10.2%	206	11.0%	
65-74 years	455	9.7%	196	10.4%	
75 to 84 years	339	7.2%	140	7.4%	
85+ years	149	3.2%	47	2.5%	
<b>Total</b>	<b>4,713</b>	<b>100%</b>	<b>1,881</b>	<b>100%</b>	

Source: 2000 Census

## D. Income Characteristics

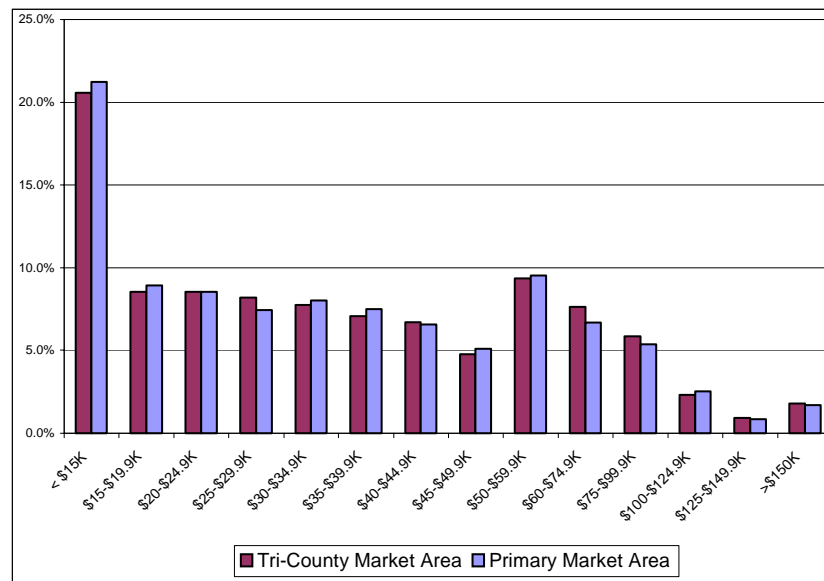
Census data indicates that the 1999 median household income for the primary market area was \$32,422, only \$272 or 0.8 percent lower than the \$32,422 median income in the Tri-County Market Area (Table 14). Thirty percent of the householders in the primary market area had an income of less than \$20,000. In the Tri-County Market Area, 29.1 percent are similarly classified. Approximately 16 percent of primary market area householders earn between \$20,000 and \$30,000, the general

income range to be targeted by the proposed LIHTC rental units. The Tri-County Market Area has 16.7 percent earning within this range.

**Table 14 1999 Household Income Distribution, Primary Market Area**

		Tri-County Market Area		Primary Market Area	
		Number	Percent	Number	Percent
less than	\$15,000	5,056	20.6%	2,469	21.2%
	\$15,000 \$19,999	2,099	8.5%	1,038	8.9%
	\$20,000 \$24,999	2,100	8.5%	993	8.5%
	\$25,000 \$29,999	2,019	8.2%	864	7.4%
	\$30,000 \$34,999	1,904	7.7%	933	8.0%
	\$35,000 \$39,999	1,740	7.1%	871	7.5%
	\$40,000 \$44,999	1,654	6.7%	764	6.6%
	\$45,000 \$49,999	1,173	4.8%	595	5.1%
	\$50,000 \$59,999	2,303	9.4%	1,110	9.5%
	\$60,000 \$74,999	1,876	7.6%	779	6.7%
	\$75,000 \$99,999	1,439	5.8%	624	5.4%
	\$100,000 \$124,999	568	2.3%	295	2.5%
	\$125,000 \$149,999	225	0.9%	98	0.8%
	\$150,000 over	444	1.8%	199	1.7%
Total		24,600	100.0%	11,632	100.0%
<b>Median Income</b>		\$32,694		\$32,422	

Source: U.S. Census of Population and Housing, 2000



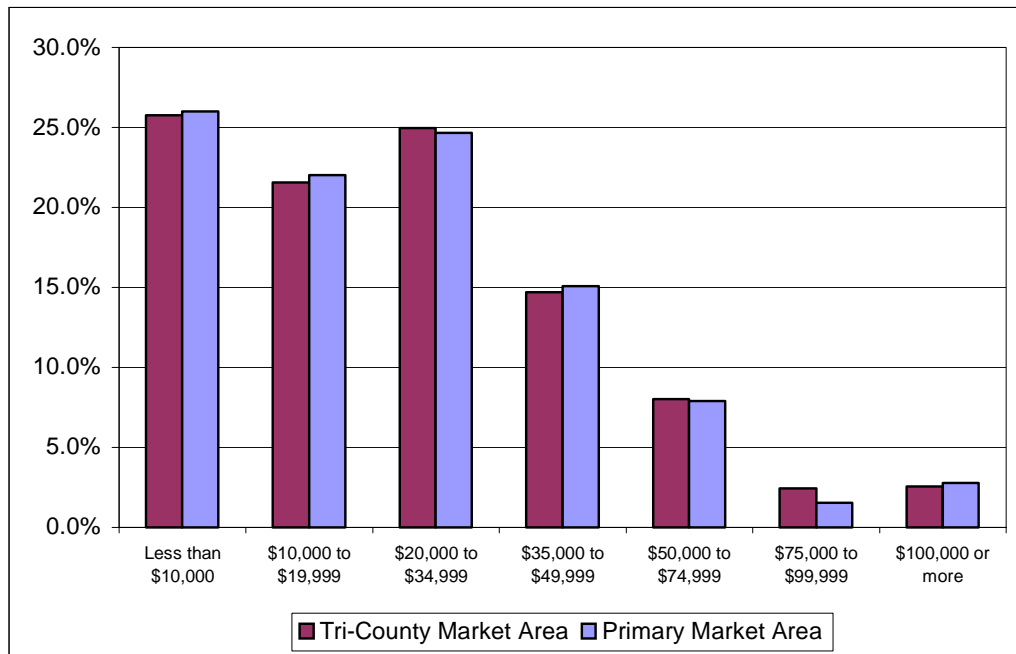
The similarity in the overall median income between the two market areas is mirrored in both owner occupied and renter occupied householder income levels. The median income

among renter householders is \$21,195 in the primary market area and \$21,605 in the Tri-County Market Area (Table 15). The median income for owner householders is \$37,556 in the primary market area and \$37,991 in the Tri-County Market Area (Table 16). In both geographies, the income of renter householders is only 56 percent of the median income among owner householders. This is lower than average ratio of renter to owner income.

**Table 15 1999 Renter Household Income Distribution**

	Tri-County Market Area		Primary Market Area	
	#	%	#	%
Less than \$10,000	1,152	25.8%	457	26.0%
\$10,000 to \$19,999	965	21.6%	387	22.0%
\$20,000 to \$34,999	1,117	25.0%	433	24.6%
\$35,000 to \$49,999	657	14.7%	265	15.1%
\$50,000 to \$74,999	359	8.0%	139	7.9%
\$75,000 to \$99,999	109	2.4%	27	1.5%
\$100,000 or more	114	2.5%	49	2.8%
<b>TOTAL</b>	<b>4,473</b>	<b>100.0%</b>	<b>1,757</b>	<b>100.0%</b>
<b>Median Income</b>	<b>\$21,605</b>		<b>\$21,195</b>	

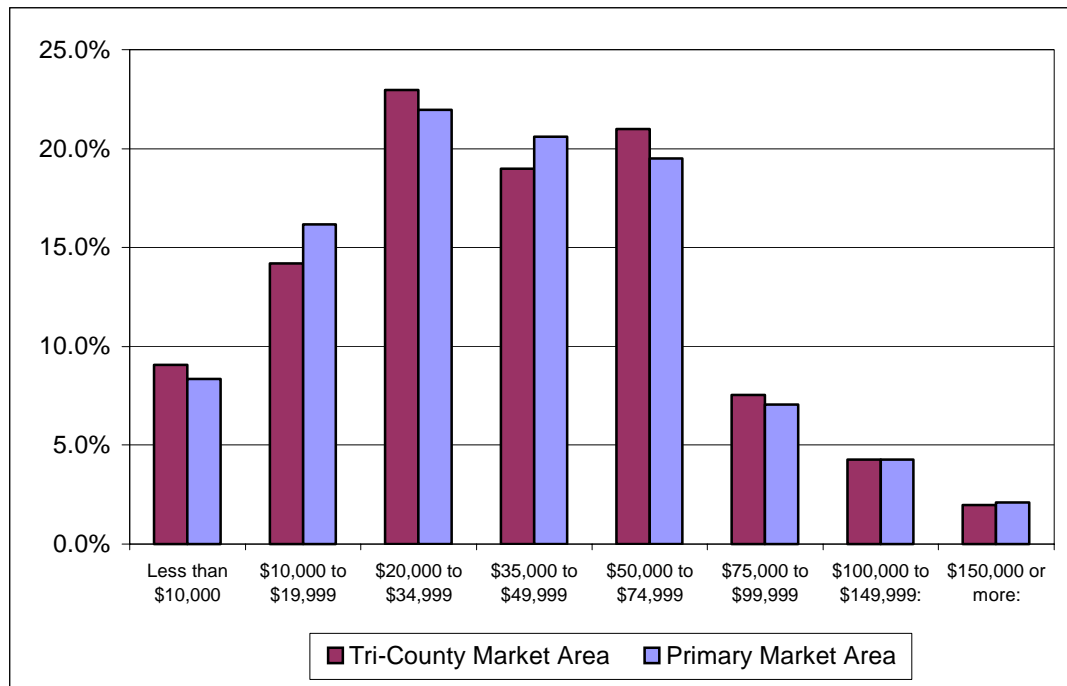
Source: U.S. Census of Population and Housing, 2000



**Table 16 1999 Owner Occupied Household Income Distribution**

	Tri-County Market Area		Primary Market Area	
	#	%		
Less than \$10,000	1,177	9.1%	522	8.4%
\$10,000 to \$19,999	1,847	14.2%	1,011	16.2%
\$20,000 to \$34,999	2,984	23.0%	1,372	22.0%
\$35,000 to \$49,999	2,470	19.0%	1,288	20.6%
\$50,000 to \$74,999	2,727	21.0%	1,219	19.5%
\$75,000 to \$99,999	981	7.5%	440	7.0%
\$100,000 to \$149,999:	557	4.3%	266	4.3%
\$150,000 or more:	258	2.0%	131	2.1%
<b>TOTAL</b>	<b>13,001</b>	<b>100.0%</b>	<b>6,249</b>	<b>100.0%</b>
<b>Median Income</b>	<b>\$37,991</b>		<b>\$37,556</b>	

Source: U.S. Census of Population and Housing, 2000





According to the census distribution, 330 renter householders of 24.2 percent in the primary market area spend more than 35 percent of their income on rent (Table 17). By definition of DCA's market study requirements, these renter households are rent over burdened.

**Table 17 Cost Burdened Renter Households, Primary Market Area**

<b>Total Households</b>		
Less than 10.0 percent	130	7.4%
10.0 to 14.9 percent	229	13.0%
15.0 to 19.9 percent	259	14.7%
20.0 to 24.9 percent	157	8.9%
25.0 to 29.9 percent	154	8.8%
30.0 to 34.9 percent	107	6.1%
35.0 to 39.9 percent	41	2.3%
40.0 to 49.9 percent	90	5.1%
50.0 percent or more	199	11.3%
Not computed	391	22.3%
<b>Total</b>	<b>1,757</b>	<b>100.0%</b>
 <b>&gt; 35% income on rent</b>	 <b>330</b>	 <b>24.2%</b>

## V. Supply Analysis

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### A. Area Housing Stock

The two largest components of rental development in both the primary market area and the Tri-County Market Area are single-family detached homes and mobile homes (Table 18). Over seventy percent of the rental stock in both areas is in one of these two structure types. The primary market area has only 4.0 percent of its rental units in structures with 10 or more units compared to 8.5 percent in the Tri-County Market Area. Generally, single-family homes and mobile homes that are rented are less appealing than larger apartment communities with modern design characteristics and unit/community amenities.

**Table 18 2000 Renter Households by Number of Units**

Renter Occupied	Tri-County Market Area		Primary Market Area	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
1, detached	2,261	48.0%	1,016	53.9%
1, attached	90	1.9%	46	2.4%
2	244	5.2%	86	4.6%
3-4	263	5.6%	161	8.5%
5-9	252	5.3%	93	4.9%
10-19	133	2.8%	53	2.8%
20+ units	267	5.7%	23	1.2%
Mobile home	1,194	25.3%	406	21.5%
Boat, RV, Van	11	0.2%	0	0.0%
<b>TOTAL</b>	<b>4,715</b>	<b>100.0%</b>	<b>1,884</b>	<b>100.0%</b>

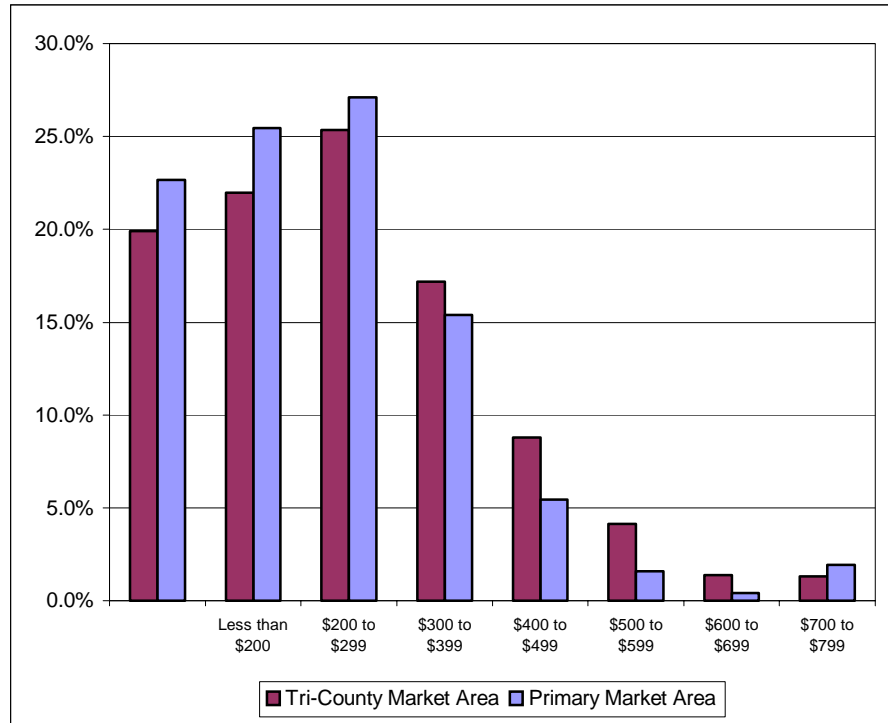
The rent distribution from the 2000 Census shows that the median rent is \$307 in the primary market area and \$328 in the Tri-County Market Area (Table 19). According to this distribution, only 104 renter householders or 7.5 percent in the primary market area paid a monthly contract rent between \$500 and \$800, the range in which the majority of the units at Mineral Springs Apartments are priced. In comparison, 14.3 percent of renters in the Tri-County Market Area paid between \$500 and \$800. Over 20 percent of the renter householders in the primary market area paid no cash for rent, an indication of heavy rent subsidies. In the Tri-County Market Area, 15.5 percent paid no cash rent.

The median year built among owner occupied housing units is 1982 in the primary market area and 1984 in the Tri-County Market Area. The median year built among renter occupied households is 1974 for the primary market area and 1979 for Tri-County Market Area. According to the 2000 Census, 22.3 percent of the rental units in the primary market area and 25.8 percent of the Tri-County Market Area's rental units were built between 1990 and 2000.

**Table 19 2000 Census Rent Distribution.**

	<b>Tri-County Market Area</b>		<b>Primary Market Area</b>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Less than \$200	752	19.9%	317	22.7%
\$200 to \$299	830	22.0%	356	25.5%
\$300 to \$399	958	25.3%	379	27.1%
\$400 to \$499	650	17.2%	215	15.4%
\$500 to \$599	332	8.8%	76	5.4%
\$600 to \$699	156	4.1%	22	1.6%
\$700 to \$799	52	1.4%	6	0.4%
\$800 and over	50	1.3%	27	1.9%
<b>TOTAL</b>	<b>3,780</b>	<b>100.0%</b>	<b>1,398</b>	<b>100.0%</b>
<b>Median Rent</b>	<b>\$328</b>		<b>\$307</b>	
Renters paying rent	3,780	84.5%	1,398	79.6%
No cash rent	693	15.5%	359	20.4%
<b>Total Renters</b>	<b>4,473</b>	<b>100.0%</b>	<b>1,757</b>	<b>100.0%</b>

Source: U.S. Census of Population and Housing, 2000, STF3.



**Table 20 Year Property Built**

Owner Occupied	Tri-County Market Area		Primary Market Area	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
1999 to 2000	1,164	5.9%	579	5.9%
1995 to 1998	3,198	16.1%	1,456	14.9%
1990 to 1994	2,879	14.5%	1,285	13.2%
1980 to 1989	4,848	24.4%	2,006	20.6%
1970 to 1979	3,355	16.9%	1,792	18.4%
1960 to 1969	1,479	7.4%	770	7.9%
1950 to 1959	1,303	6.6%	752	7.7%
1940 to 1949	758	3.8%	519	5.3%
1939 or earlier	900	4.5%	600	6.1%
<b>TOTAL</b>	<b>19,884</b>	<b>100.0%</b>	<b>9,759</b>	<b>100.0%</b>
<b>MEDIAN YEAR BUILT</b>	<b>1984</b>		<b>1982</b>	

Source: U.S. Census of Population and Housing, 2000, STF3.

Renter Occupied	Tri-County Market Area		Primary Market Area	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
1999 to 2000	142	3.0%	36	1.9%
1995 to 1998	599	12.7%	204	10.8%
1990 to 1994	474	10.1%	180	9.6%
1980 to 1989	1,105	23.4%	324	17.2%
1970 to 1979	878	18.6%	368	19.5%
1960 to 1969	487	10.3%	237	12.6%
1950 to 1959	357	7.6%	190	10.1%
1940 to 1949	240	5.1%	98	5.2%
1939 or earlier	433	9.2%	247	13.1%
<b>TOTAL</b>	<b>4,715</b>	<b>100.0%</b>	<b>1,884</b>	<b>100.0%</b>
<b>MEDIAN YEAR BUILT</b>	<b>1979</b>		<b>1974</b>	

Source: U.S. Census of Population and Housing, 2000, STF3.

A housing unit is considered to be "substandard" if it meets one of two criteria. These criteria are overcrowded, which is defined as 1.01 or more persons per room, or lacking complete plumbing facilities. In the primary market area, only 1.79 percent of the housing units meet one or both of these criteria (Table 21).

**Table 21 Substandard Housing Units**

<b>2000 Households</b>	
<b>Owner occupied:</b>	
Complete plumbing facilities:	9,735
1.00 or less occupants per room	9,589
1.01 or more occupants per room	119
Lacking complete plumbing facilities:	27
Overcrowded or lacking plumbing	146
<b>Renter occupied:</b>	
Complete plumbing facilities:	1,865
1.00 or less occupants per room	1,802
1.01 or more occupants per room	32
Lacking complete plumbing facilities:	31
Overcrowded or lacking plumbing	63
<b>Substandard Housing</b>	<b>209</b>
<b>Percent of Housing Stock Substandard</b>	<b>1.79%</b>
<b>Percent of Rental Stock Substandard</b>	<b>3.32%</b>

## **B. Rental Market**

As shown in the preceding section, the vast majority of the rental units are contained within single-family detached home and mobile homes. Data on these property types is often difficult to obtain, given the scattered nature of the units. Furthermore, these rental units are not directly comparable to a larger multi-family rental community in terms of amenities and features.

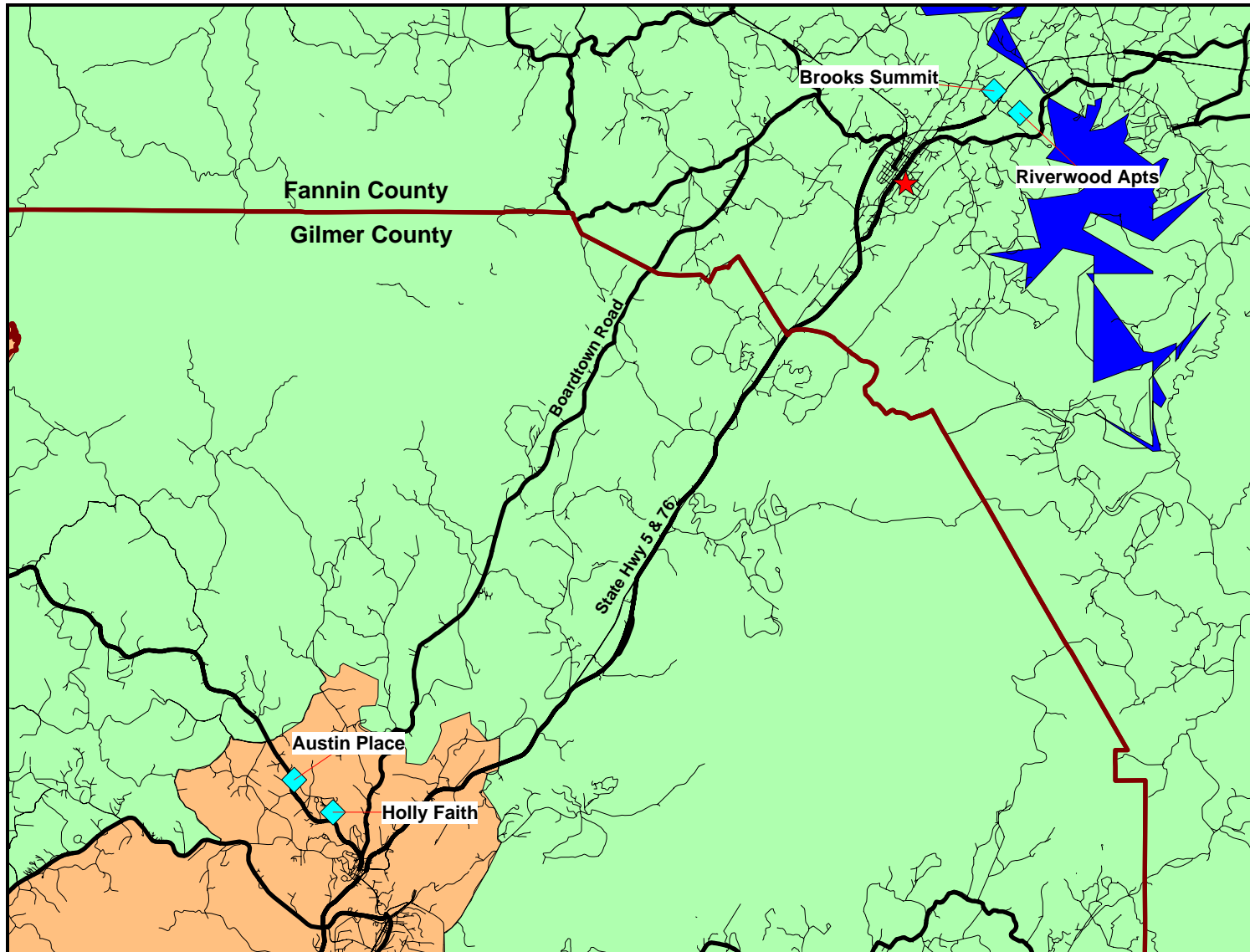
Real Property Research Group, Inc. identified nine rental communities in the towns of Blue Ridge and Ellijay, which is located just outside the primary market area. Multiple attempts were made both in person and via telephone to contact and survey each of these rental communities. Data was obtained from four of these nine communities, including an LIHTC community deemed most comparable to the subject site. Two of the surveyed communities are located in Blue Ridge and two are in Ellijay. Both communities in Blue Ridge are LIHTC communities with one targeted to senior households and offers Rural Development rental assistance. A profile sheet of each community is attached as Appendix 5 Community Photos and Profiles. The location of each community is shown on Map 5.

The 4 rental communities surveyed account for 114 dwelling units (Table 22). All of the communities offer walk-up buildings, either one or two stories in height. The building characteristic of these communities is fairly consistent. Brooks Summit is the most visually appealing community as it features vinyl exterior with brick accents and dormers/gables.

The limited multifamily rental stock available in the primary market area has been recently built. The two communities for which year built information was available reported an average year built of 1994 or an average age of 9 years. The majority of the rental communities in the primary market area are estimated at 15 years or less. Few communities show signs of deferred maintenance and design characteristics are fairly modern in terms of rural housing.

Among the 114 units in the 4 surveyed communities, only 1 was reported vacant for a rate of 0.9 percent. According to DCA's 2003 Market Study Guide, stabilization is achieved at 90 percent occupancy. In general, a strong market has fewer than 5 percent of its units vacant. The vacancy rate among surveyed communities of less than one percent is positioned well below these two benchmarks.

**Map 5 Competitive Rental Communities**





**Table 22 Rental Summary**

						(1)	(1)	(1)
Community	Year Built	Structure Type	Total Units	Vacant Units	Vacancy Rate	Average 1BR Rent	Average 2BR Rent	Average 3BR Rent
Subject Site - 30% AMI		Garden	7					\$212
Subject Site - 50% AMI		Townhouse	21				\$393	
Subject Site - 60% AMI		Garden	25					\$557
Subject Site - Market Rate		Townhouse	14				\$585	
Austin Place		Garden	26	1	3.8%	\$438	\$513	
Holly Faith		Garden	12	0	0.0%	\$450	\$485	
Brooks Summit (LIHTC)	1995	Garden	36	0	0.0%	\$460	\$480	\$495
Riverwood (Senior LIHTC)	1993	Single-Story	40	0	0.0%	\$280		
<b>Total/Average</b>	<b>1994</b>		<b>114</b>	<b>1</b>	<b>0.9%</b>	<b>\$407</b>	<b>\$493</b>	<b>\$495</b>

**(1) Rent is gross rent, and not adjusted for utilities or incentives**

Source: Field Survey, Real Property Research Group, Inc. July, 2003.

The rental communities in the primary market area offer few common area amenities, which is expected given their relatively small number of units (Table 23). None of the surveyed communities offer any substantial recreational amenities. The proposed amenities at Mineral Springs will surpass all of the existing communities in the market area. The amenities will include a community building with gathering areas, an exercise room, and a computer/business center. Additional recreational amenities will include a tot-lot and a picnic area.

Half (2) of the 4 surveyed communities include the cost of water, sewer and trash removal (Table 24). The remaining communities include only the cost of trash removal. Dishwashers are present at 3 of 4 of the surveyed communities and garbage disposals are included at two. The majority of the properties offer patios or balconies in most or all units and two offer community laundry facilities. All communities include washer and dryer connections in each unit.

Among the 4 properties surveyed, one bedroom units are the most common, as they are offered in all 4 communities. Two bedroom units are offered at 3 communities and three bedroom units are present at only one. Based on the unit distribution among these surveyed communities, 46 percent are one bedroom units, 46 percent are two bedroom units, and 7 percent are three bedroom units.

None of the surveyed rental communities are currently offering rental incentives. The street rents at the existing communities are adjusted to account for the cost of utilities. The average net rent among the surveyed communities is \$409 for a one bedroom unit, \$497 for a two bedroom unit, and \$495 for a three bedroom unit. None of the surveyed communities offer four bedroom units. Availability of square footage was limited. The most comparable community, Brooks Summit, reported square footages of 805 and 954 square feet for two and three bedroom units respectively. The proposed rents at Mineral Springs are higher than the average among existing rental communities. The higher proposed rents will be accompanied by new construction, significantly larger units, extensive amenities and an attractive location. The price per square foot at Mineral Springs is lower than the average price per square foot for both two and three bedroom units.

**Table 23 Common Area Amenities of Surveyed Communities**

Community	Clubhouse	Fitness	Pool	Playground	Business	Gated Entry
		Room			Center	
<b>Subject Site</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Austin Place	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brooks Summit (LIHTC)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Holly Faith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Riverwood (Senior LIHTC)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Source: Field Survey, Real Property Research Group, Inc. July, 2003.

**Table 24 Features of Rental Communities in Primary Market Area**

Community	Heat Type	Utilities included in Rent						Dishwasher	Parking	In Unit Laundry
		Heat	Hot Water	Cooking	Electric	Water	Trash			
<b>Subject Site</b>	<b>Electric</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Standard</b>	<b>Free Surface Parking</b>	<b>Hook Ups</b>
Austin Place	Natural Gas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Standard	Free Surface Parking	Hook Ups
Brooks Summit (LIHTC)	Electric	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Standard	Free Surface Parking	Hook Ups
Holly Faith	Electric	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Standard	Free Surface Parking	Hook Ups
Riverwood (Senior LIHTC)	Electric	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Free Surface Parking	Hook Ups

Source: Field Survey, Real Property Research Group, Inc. July, 2003.

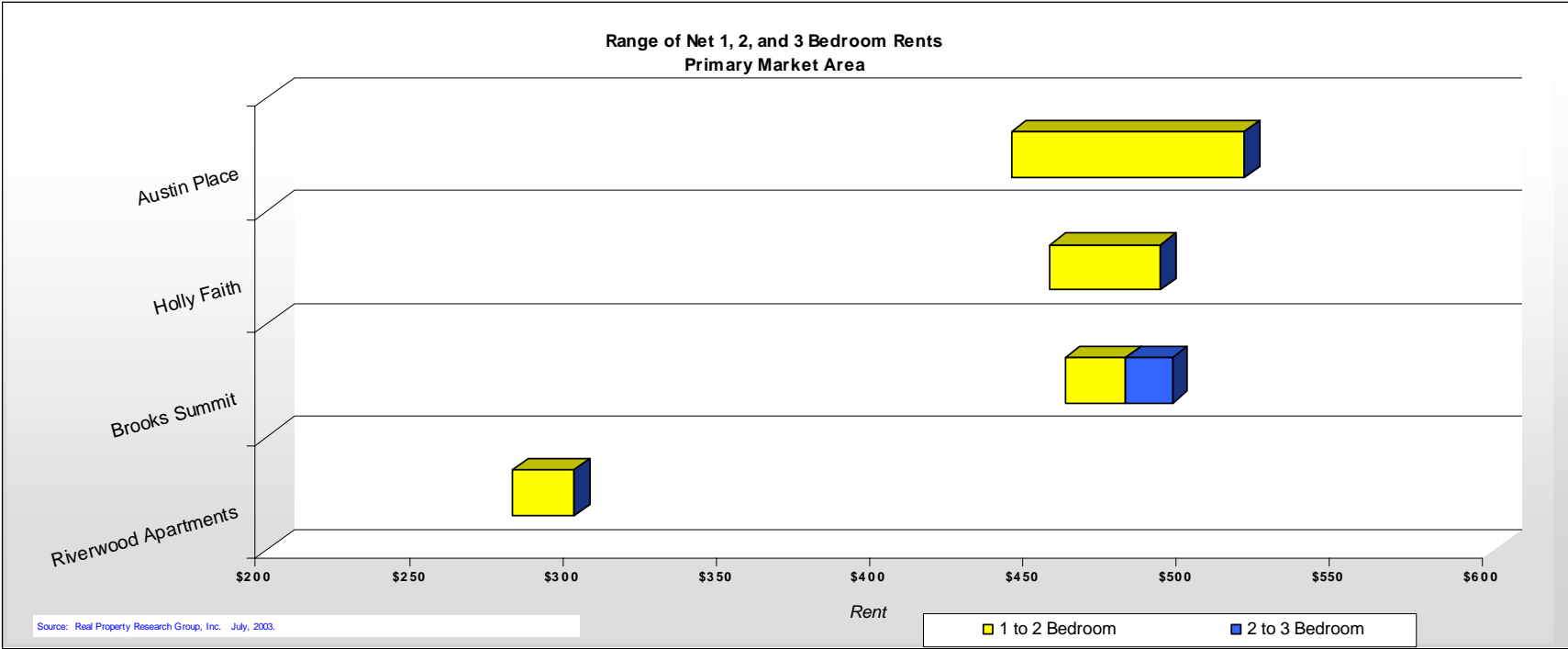
**Table 25 Salient Characteristics, PMA Rental Communities**

(1)							(1)				(1)				(1)			
Community	Type	Total Units	One Bedroom Units				Units	Two Bedroom Units			Units	Three Bedroom Units			Four Bedroom Units			
			Units	Rent	SF	Rent/SF		Rent	SF	Rent/SF		Rent	SF	Rent/SF	Units	Rent	SF	Rent/SF
Subject Site - 30% AMI	Garden	7									4	\$212	1,267	\$0.17	3	\$218	1,428	\$0.15
Subject Site - 50% AMI	Townhouse	21					21	\$585	960	\$0.61								
Subject Site - 60% AMI	Garden	25									20	\$557	1,267	\$0.44	5	\$604	1,428	\$0.42
Subject Site - Market Rate	Townhouse	14					14	\$585	960	\$0.61								
Austin Place	Garden	26	8	\$443			18	\$519										
Brooks Summit (LIHTC)	Garden	36	4	\$460	650	\$0.71	24	\$480	805	\$0.60	8	\$495	954	\$0.52				
Holly Faith	Garden	12	1	\$455			11	\$491										
Riverwood (Senior LIHTC)	Garden	40	40	\$280														
	Average / Total	114		\$409	650	\$0.63		\$497	805	\$0.62		\$495	954	\$0.52				
	Unit Distribution	114	53				53				8							
	% of Total	100%	46%				46%				7%							

(1) Rent is adjusted, net of utilities and incentives

Source: Field Survey, Real Property Research Group, Inc. July, 2003.

Figure 3 Range of Net Rents



As the figure on the preceding page illustrates, there is little variation among the rental communities in and around the primary market area. The only community varying significantly from the other communities is Riverwood. Riverwood Apartments is a senior oriented LIHTC community that also offers project-based Rural Development Assistance. As a result, this community is priced at the bottom of the range of net rents, well below the other three communities.

### **C. Proposed Developments**

According to development officials with Fannin County and Gilmer County, there is no upcoming development of comparable rental communities within the boundaries of the PMA.

According to DCA's list of LIHTC allocations, no tax credit communities were approved between 1997 and 2002. The most recent LIHTC addition to the market is Brooks Summit, which was built in 1995.

## VI. Findings and Conclusions

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### A. Findings

Based on this review of economic and demographic characteristics of the primary market area and Tri-County Market Area and competitive housing trends, we arrive at the following findings:

**The subject property is located on the south side of Mineral Spring Road within approximately one-half mile of downtown Blue Ridge.**

- The site is an 11.5 acre tract on the south side of Mineral Springs Road approximately one quarter mile west of its intersection with Aska Road. The rental community will include 32 newly constructed garden style units and 35 renovated townhouse units. The vacant portion of the site is located to the east of the existing townhouse units is primarily cleared land.
- The site benefits from a large number of mature trees surrounding it, which provide a natural buffer from surrounding land uses and enhance curb appeal. The site is bordered to the north by Mineral Springs Road and single-family detached homes, to the east by vacant land, to the south by vacant land and a large hill, and to the west by vacant land.
- Ingress and egress will be available off Mineral Springs Road. Mineral Springs Road is a lightly traveled residential street with a speed limit of 35 miles per hour. No problems are expected with ingress or egress. The traffic on this road is minimal, even during peak hours.
- The proposed community will be compatible with surrounding land uses. The majority of the development in the immediate area surrounding the site consists of single-family detached homes. The majority of the surrounding land is zoned for residential use. The zoning is not expected to change.

**Fannin County has a modest but established economy with a stable outlook for future growth.**



- Total at place employment has increased steadily within Fannin County since 1990. In 2001, employment had reached 4,878 as job growth averaged over 130 jobs annually since 1990. Overall, the county has experienced a net increase of over 1,450 jobs or 42 percent since 1990. Total at-place employment increased each year between 1990 and 2001. Contrary to national trends, Fannin County has experienced an increase in jobs over the past two years as 2001 and the first three quarters of 2002 experienced a net increase total employment.
- Unemployment rates in Fannin County have remained higher than the unemployment rates in the state of Georgia, while following similar trends. Unemployment in the county has fluctuated over the past 13 years, however the predominate trend has been decline. During the first four months of 2003, Fannin County's unemployment rate has increased by 1.1 percentage points while Georgia's has decreased by 0.2 percentage point. The nation's unemployment increased 0.1 percentage point. The increase in the unemployment rate in Fannin County has been fueled by the increase in the size of the labor force rather than a loss of jobs.

**Both the primary market area and the Tri-County Market Area have experienced steady growth over the past ten years. Growth in both areas is expected to continue.**

- Based on 1990 and 2000 Census data, the PMA experienced an increase of 3,298 households, while the Tri-County Market Area increased by a total of 8,484 households. This change equates to a 39.5 percent increase in the primary market area compared to a 52.6 percent increase in the Tri-County Market Area. The annual compounded rates of household growth were 3.4 percent in the PMA and 4.3 percent in the Tri-County Market Area.
- Projections show that the PMA's household count is expected to increase by 1,822 or 15.6 percent by 2005 compared to an increase of 4,405 households or 17.9 percent in the Tri-County Market Area. Annual increases are projected to be 364 households or 2.9 percent in the primary market area and 881 households or 3.3 percent in the Tri-County Market Area.

**The primary market area's households are similar in age, as well as income when compared to the Tri-County Market Area.**

- Among the 11 age cohorts, the largest differential between the two geographies was 0.9 percentage point. The majority of the age classifications were separated by less than 0.5 percentage point. The primary market area has a slightly higher percentage of its residents between 45 and 59 years and over the age of 70 years.
- Renters are most common among householders age 25 to 44 years of age. This age grouping accounts for 25.5 percent of the PMA's population and 26 percent of the Tri-County Market Area's population.
- The primary market area and Tri-County Market Area have nearly identical percentage of married households with 61.2 percent in the PMA and 61.3 percent in the Tri-County Market Area. The primary market area has a lower occurrence of children as 26.3 percentage of its households have children present compared to 27.3 percent in the Tri-County Market Area.
- The vast majority of the householders in the primary market area and the Tri-County Market Area own their homes. In 2000, only 16.2 percent of the householders in the PMA were renters. In comparison, 19.2 percent of the Tri-County Market Area householders rented.
- Census data indicates that the 1999 median household income for the primary market area was \$33,422, only \$272 or 0.8 percent lower than the \$32,422 median income in the Tri-County Market Area.
- One quarter of primary market area householders earn between \$15,000 and \$30,000, the general income range to be targeted by the proposed LIHTC and market rate rental units.

**The rental stock has expanded little over that past two decades. Little variation exists among the primary market area's rental stock.**

- The two largest components of rental development in both the primary market area and the Tri-County Market Area are single-family detached homes and mobile homes. Over seventy percent of the rental stock in both areas is in one of these two structure types. The primary market area has only 4.0 percent of its rental units in structures with 10 or more units compared to 8.5 percent in the Tri-County Market Area.

- The rent distribution from the 2000 Census shows that the median rent is \$307 in the primary market area and \$328 in the Tri-County Market Area.
- According to the Census distribution, only 104 renter householders or 7.5 percent in the primary market area paid a monthly contract rent between \$500 and \$800, the range in which the majority of the units at Mineral Springs Apartments are priced. In comparison, 14.3 percent of renters in the Tri-County Market Area paid between \$500 and \$800. Over 20 percent of the renter householders in the primary market area paid no cash for rent, an indication of heavy rent subsidies.
- According to the 2000 Census, 22.3 percent of the rental units in the primary market area and 25.8 percent of the Tri-County Market Area's rental units were built between 1990 and 2000.
- The multifamily rental stock in the primary market area is relatively young. Only two communities provided this piece of data for an average year built of 1994 or an average age of 9 years. The majority of the rental communities in the primary market area are estimated at 15 years or less. Few communities show signs of deferred maintenance and design characteristics are fairly modern.
- Among the 114 units in the 4 surveyed communities, only 1 was reported vacant for a rate of 0.9 percent. According to DCA's 2003 Market Study Guide, stabilization is achieved at 90 percent occupancy. In general, a strong market has fewer than 5 percent of its units vacant. The vacancy rate among the surveyed communities of less than one percent is positioned well below these two benchmarks.
- None of the surveyed rental communities are currently offering rental incentives. The street rents at the existing communities are adjusted to account for the cost of utilities. The average net rent among the surveyed communities is \$409 for a one bedroom unit, \$497 for a two bedroom unit, and \$495 for a three bedroom unit. None of the surveyed communities offer four bedroom units. Availability of square footage was limited. The most comparable community, Brooks Summit, reported square footages of 805 and 954 square feet for two and three bedroom units respectively.

## B. Demand

Based on household projections discussed in Section VI of this report, we estimate that 13,079 households reside in the market area in 2004, which will increase to 14,271 by 2007. Based on these estimates, we have computed an estimate of demand for rental housing in this market (Table 26).

- Based on the projected household growth in the primary market area, there will be demand for 1,192 household units over the next three years.
- It is assumed that 0.33 percent of the housing stock in the primary market area will be lost due to demolition, natural disaster, or fire on an annual basis. This is conservative rate given the age of the housing stock in the PMA. A total of 157 units will be removed from the market by 2007, which increases the overall housing demand to 1,349.
- Based on 2000 Census data, 16.2 percent of householders were renters. Applying this rate to the projected number of households, we project net increase of 218 renter households over the projection period.
- Typically, it is assumed that a five percent vacancy rate is required to keep a rental market relatively fluid, e.g. giving people a choice of where they wish to live in a rental unit. As a result, 5 units must be added to the market to achieve 5 percent vacancy.
- Thus, total rental demand for rental housing would be 223 in 2007.
- In order to determine the net excess demand for rental housing, upcoming units including the subject property are subtracted from the total rental demand. The subject site is the only planned community in the primary market area.
- Subtracting the 35 units at the subject site that are new or vacant, we derive an excess rental demand for 188 rental units in the market area.

**Table 26 Derivation of Demand.**

## Derivation of Demand

<b><i>Demand</i></b>	<b><i>Units</i></b>		
2004 Households	13,079		
2007 Households	14,271		
Household Growth 2004 to 2007	1,192		
Add: Units Removed from Market	157		
Overall Housing Demand	1,349		
Percent Renter Households	16.2%		
Demand for Rental Units	218		
Competitive Inventory			
	<u>Inventory</u>	<u>Vacant</u>	
Stablized Multifamily Communities			
Surveyed Communities	114	1	
Market Vacancy at 5%		6	
Less: current Vacant Units		-1	
Vacant units required to reach 5% Market Vacancy		5	
<b>Total Rental Demand</b>	<b>223</b>		
<b><i>Supply</i></b>			
	Vacant Units	Lease Up in 2003	2004 Supply
Subect Site - New/Vacant	35	0	35
<b>Total New Rental Supply</b>	<b>35</b>		
<b>Excess Demand for Rental Housing</b>	<b>188</b>		

## C. Affordability Analysis

To understand the depth of the rental market for affordable housing in the primary market area, we have conducted an affordability analysis for the proposed units (Table 27). A penetration rate is determined which reflects the number of income qualified households in the market the subject property must capture in order to gain full occupancy.

- To calculate the income distribution for 2005, we projected incomes based on 2000 Census data on total income distribution, renter household income distribution and trends in per capita income since 1999. Following HUD guidelines, maximum income limits were imposed on potential renters. Assuming 3 persons for two bedroom units, 4.5 persons for three bedroom units, 6 persons for four bedroom units, the income limits were translated into maximum rent limits.
- Using a 35 percent underwriting criteria, we determined that the gross two bedroom rent (\$498) for the 50 percent two bedroom units would be affordable to households earning a minimum of \$17,074, which includes 10,674 households in the primary market area.
- Based on the 2003 HUD income limits for households at 30 percent of median income, the maximum income allowed for a one bedroom unit in this market would be \$19,935. We estimate that 10,082 households within the primary market area have incomes above that maximum.
- Subtracting the 10,082 households with incomes above the maximum income from the 10,674 households that could afford to rent this unit, we compute that 592 households are within the band of being able to afford the proposed rent. The proposed twenty-one 50 percent two bedroom units would require a penetration rate of 3.5 percent of all qualified households. Among renter households, the penetration rate for this floorplan is 11.9 percent. Using the same methodology, we determined the band of qualified households for each of the other bedroom types offered in the community.
- Given the income requirements of each unit type and the overlap of income bands, project wide affordability bands were calculated. Looking at all 67 units, the project will need to absorb 1.2 percent of the 5,708 households that earn

less than \$31,896 in the primary market area. For renter households, the 168 proposed units must capture 4.7 percent of the income qualified renter households.

- The income bands for the LIHTC and market rate floorplans are narrow. For the LIHTC units the range between the minimum and maximum income limits is less than \$4,500 for all three floorplans. This narrow income band is a result of several factors including a relatively low median income and rents priced at the maximum allowable levels.
- The narrowness of the income bands can only be avoided by lowering the proposed rents. By doing so, the income band is widened on the lower end which greatly increased the number of income qualified renter households. For example, lowering the net rent among the 60% three bedroom units from \$557 to \$500 reduces the minimum income limit from \$23,657 to \$21,703. This seemingly minor change nearly doubles the number of income qualified renter householders from 121 to 227.

**Table 27 Affordability Analysis for Mineral Springs.**

30% Units

50% Units

60% Units

Market Rate

Two Bedroom Units		
Base Price	Minimum	Maximum
Number of Units	21	
Net Rent	\$393	
Gross Rent	\$498	
% Income Spent for Shelter	35%	
Income Range	\$17,074	\$19,935
Range of Qualified Hlds	10,674	10,082
# Qualified Households	592	
Unit Penetration Rate		3.5%
Range of Qualified Renters	1,393	1,217
# Qualified RenterHouseholds		176
Unit Renter HH Penetration Rate		11.9%

Three Bedroom Units		
Base Price	Minimum	Maximum
Number of Units	4	
Net Rent	\$212	
Gross Rent	\$345	
% Income Spent for Shelter	35%	
Income Range	\$0	\$13,822
Range of Qualified Hlds	13,465	11,344
# Qualified Households		2,120
Unit Penetration Rate		0.2%
Range of Qualified Renters	2,175	1,593
# Qualified RenterHouseholds		583
Unit Renter HH Capture Rate		0.7%

Four Bedroom Units		
Base Price	Proposed	Maximum
Number of Units	3	
Net Rent	\$218	
Gross Rent	\$385	
% Income for Shelter	35%	
Income	\$0	\$15,416
Band of Qualified Hlds	13,465	11,016
# Qualified Households		2,449
Unit Penetration Rate		0.1%
Range of Qualified Renters	2,175	1,495
# Qualified RenterHouseholds		681
Unit Renter HH Capture Rate		0.4%

Base Price	Proposed	Maximum
Number of Units	14	
Net Rent	\$585	
Gross Rent	\$690	
% Income for Shelter	35%	
Income	\$23,657	\$31,896
Range of Qualified Hlds	9,315	7,756
# Qualified Households		1,558
Unit Penetration Rate		0.9%
Range of Qualified Renters	1,002	764
# Qualified RenterHouseholds		238
Unit Renter HH Penetration Rate		5.9%

Base Price	Proposed	Maximum
Number of Units	20	
Net Rent	\$557	
Gross Rent	\$690	
% Income for Shelter	35%	
Income	\$23,657	\$27,643
Range of Qualified Hlds	9,315	8,525
# Qualified Households		790
Unit Penetration Rate		2.5%
Range of Qualified Renters	1,002	881
# Qualified RenterHouseholds		121
Unit Renter HH Penetration Rate		16.6%

Base Price	Proposed	Maximum
Number of Units	5	
Net Rent	\$604	
Gross Rent	\$771	
% Income for Shelter	35%	
Income	\$26,434	\$30,833
Band of Qualified Hlds	8,764	7,940
# Qualified Households		825
Unit Penetration Rate		0.6%
Range of Qualified Renters	918	792
# Qualified RenterHouseholds		126
Unit Renter HH Penetration Rate		4.0%

Gross Penetration Rate by Income

Number of Units		Income HHs	Total Households				Renter Households					
			Band of Qualified HHs	# Qualified HHs			Band of Qualified HHs	# Qualified HHs				
30% Units	7		\$0	\$15,416			\$0	\$15,416				
			13,465	11,016	2,449	0.3%	Penetration Rate	2,175	1,495	681	1.0%	Penetration Rate
50% Units	21		\$17,074	\$19,935				\$17,074	\$19,935			
			10,674	10,082	592	3.5%	Penetration Rate	1,393	1,217	176	11.9%	Penetration Rate
60% Units	25		\$23,657	\$30,833				\$23,657	\$30,833			
			9,315	7,940	1,375	1.8%	Penetration Rate	1,002	792	210	11.9%	Penetration Rate
Market Rate	14		\$23,657	\$31,896				\$23,657	\$31,896			
			9,315	7,756	1,558	0.9%	Penetration Rate	1,002	764	238	5.9%	Penetration Rate
			\$0	\$31,896				\$17,074	\$31,896			
Total Units	67		13,465	7,756	5,708	1.2%	Penetration Rate	2,175	764	1,412	4.7%	Penetration Rate

Source: 2000 U.S. Census, estimates,Real Property Research Group, Inc.



## **D. DCA Demand Calculations**

We believe that the demand and affordability methodology shown in the preceding sections is an accurate and reliable measure of project feasibility. As the proposed development will be applying for nine percent tax credits from the Georgia Department of Community Affairs, this section illustrates demand per the methodology in DCA's Market Study Requirements.

DCA's demand methodology consists of three components. The first is income qualified renter households living in substandard households. "Substandard" is defined as having more than 1.01 persons per room and/or lacking complete plumbing facilities. According to US Census data, the percentage of households in the primary market area that are "substandard" is 1.83 percent among total households and 3.32 percent among renter households (Table 21).

The second component of demand is population growth. This number is the number of age and income qualified renter households anticipated to move into the market area between 2000 and 2005.

The final component of demand is cost burdened renters, which is defined as those renter households paying more than 35 percent of household income for housing costs. According to Census data, 24.16 percent of renter households are categorized as cost burdened (Table 17).

DCA requires that demand be calculated with several variations. Demand and capture rates are to be calculated for all low income units, all market rate units, on a floorplan basis, and pursuant to conversations with DCA underwriting staff, total demand for all units.

DCA considers units that have been constructed within the past three years to have an impact on the future demand for new development. For this reason, the units constructed within the past three years and those planned within the primary market area are subtracted from the estimate of demand. As these communities offer a wide range of unit types at varying levels of the AMI, this subtraction is done prior to applying the subject property's income qualification to the demand estimate. No such communities were identified in the primary market area.

Mineral Springs will be a combination of 32 newly constructed three and four bedroom units and 35 renovated two-bedroom townhouse units. The three and four bedroom units will be priced at 30 percent and 60 percent of the AMI, while the two bedroom townhouse units will be 50 percent or market rate units. According to information from the developer and DCA, 32 of the 35 townhouse units will remain occupied by the current tenant after renovation. The three units to be vacant upon project completion are a result of tenant incomes being above the maximum LIHC rents. As 32 of the 67 units are projected to be occupied at time of lease-up, capture rates are calculated both for total units and the planned new and vacant units are Mineral Springs. For all units, the capture rates are 2.8 percent for the 30 percent units it project based rental assistance, 31.9 percent for the 50 percent and 60 percent LIHTC units, 15.8 percent for the market rate units and 12.7 percent for all units. After subtracting the units currently occupied, there is no change to the capture rate 30 percent PBRA units. The capture rates for the LIHTC units, market rate units, and total units decrease significantly. The revised capture rates for these unit types are 19.4 percent, 0 percent, and 6.6 percent, respectively. These capture rates indicate that the retention of existing tenants is essential to the success of the subject property.

The demand estimates and capture rates include three unit sizes and four income levels for a total of six floorplans. The capture rates range from 1.2 percent for the 30 percent four bedroom units to 44.4 percent for the 60 percent three bedroom units (Table 30). The capture rate of 44.4 percent for the three bedroom units at 60 percent is above DCA's stated threshold for this unit size (40 percent). Despite this high capture rate, the primary market area can support these 20 proposed units. This high capture rate based on household growth, substandard households, and rent-overburdened householders. In addition to these demand units, it is likely that many of the units will be filled from turnover among existing renter households. This could come in the form of step-up demand. Although not generally accepted by DCA as an indication of demand, turnover should be considered acceptable in this case. The lack of available multi-family communities has resulted in a very higher percentage of renter householders residing in single-family detached homes and mobile homes. The demand from turnover will likely come from these unit types, thus having no negative impact on the multi-family market. The existing single-family and mobile home rental

units are generally less appealing than a large apartment community with modern design characteristics and amenities.

As with the overall demand estimates, demand by unit size and income percentage was calculated for both all units and for the planned new/vacant units. Only the two bedroom floorplan and incomes featuring it were impacted by this analysis.

The demand estimates and capture rates for the proposed community indicate sufficient demand to support the proposed units, despite some percentages above DCA's thresholds. The low capture rates are a result of a low renter percentage (16.2 percent), a low "substandard" percentage (3.32 percent), and narrow income bands produced by a combination of a moderately low median income and rents priced at the maximum allowable levels. The later combination results in an income qualification band of \$3,000 to \$4,000 for most floorplans. The most prevalent example of this is among the three bedroom units priced at 60 percent of the AMI for which only 5.55 percent of renter households are income qualified. If the proposed rent for this floorplan is lowered by approximately ten percent, the percentage income nearly doubles to 10.43 percent and demand increased from 45 to 84. The floorplan specific capture rate would drop from its current 44.4 percent to 23.8 percent.

**Table 28 DCA Demand Estimates**

<i>Primary Market Area Demand</i>	<i>PBRA Units</i>	<i>LIHTC Units (Non-PBRA)</i>	<i>Market Rate Units</i>	<i>Total Units</i>
Substandard Households	63	63	63	63
Renter Household Growth	294	294	294	294
Cost Burdened Renter HH's	454	454	454	454
<b>Total Demand</b>	<b>811</b>	<b>811</b>	<b>811</b>	<b>811</b>
Recent and Pipeline Units	0	0	0	0
<b>Net Demand</b>	<b>811</b>	<b>811</b>	<b>811</b>	<b>811</b>
% Income Qualified	31.29%	17.8%	10.95%	64.90%
<b>Income Qualified Demand</b>	<b>254</b>	<b>144</b>	<b>89</b>	<b>526</b>
Total Units in Subject Property	7	46	14	67
Capture Rate - Total	2.8%	31.9%	15.8%	12.7%
New/Vacant Units	7	28	0	35
Capture Rate - New/Vacant	2.8%	19.4%	0.0%	6.6%

**Table 29 Detailed Gross Demand Estimates**

*Demand from Substandard Households*

2000 Households		Substandard Percentage		2000 Substandard Households
11,643	times	3.32%	equals	387
2000 Substandard Households		% of Renters Per Census		2000 Substandard Renter Households
387	times	16.16%	equals	63

*Demand from Household Growth*

2005 Households		2000 Households		Household Change
13,465	minus	11,643	equals	1,822
Household Change		% of Renters Per Census		Renter Household Change
1,822	times	16.16%	equals	294

*Demand from Cost Burdened Renters*

2000 Households		% of Renters Per Census		2000 Renter Households
11,643	times	16.16%	equals	1,881
2000 Renter Households		% Cost Burdened		2000 Cost Burdened Renter Households
1,881	times	24.16%	equals	454

## E. DCA Estimates and Capture Rates by Floorplan

**Table 30 Tax Credit Demand Estimates and Capture Rates by Floorplan and Income Level**

	Two Bedroom Units		Three Bedroom Units		Four Bedroom Units	
	50%	Market Rate	30%	60%	30%	60%
Substandard Households	63	63	63	63	63	63
Renter Household Growth	294	294	294	294	294	294
Cost Burdened Households	454	454	454	454	454	454
Total Demand	811	811	811	811	811	811
Pipeline and Recent Units	0	0	0	0	0	0
Net Demand	811	811	811	811	811	811
% Income Qualified	8.10%	10.95%	26.79%	5.55%	31.29%	5.79%
Income Qualified Demand	66	89	217	45	254	47
Proposed Units - Total	21	14	4	20	3	5
Capture Rate - Total Units	32.0%	15.8%	1.8%	44.4%	1.2%	10.6%
Proposed Units - New/Vacant	3	0	4	20	3	5
Capture Rate - New Vacant	4.6%	0.0%	1.8%	44.4%	1.2%	10.6%

	30%	50%	60%	Market Rate
Substandard Households	63	63	63	63
Renter Household Growth	294	294	294	294
Cost Burdened Households	454	454	454	454
Total Demand	811	811	811	811
Pipeline and Recent Units	0	0	0	0
Net Demand	811	811	811	811
% Income Qualified	31.29%	8.10%	9.66%	10.95%
Income Qualified Demand	254	66	78	89
Proposed Units - Total	7	21	25	14
Capture Rate - Total	2.76%	31.97%	31.90%	15.76%
Proposed Units - New/Vacant	7	3	25	0
Capture Rate - New Vacant	2.76%	4.57%	31.90%	0.00%

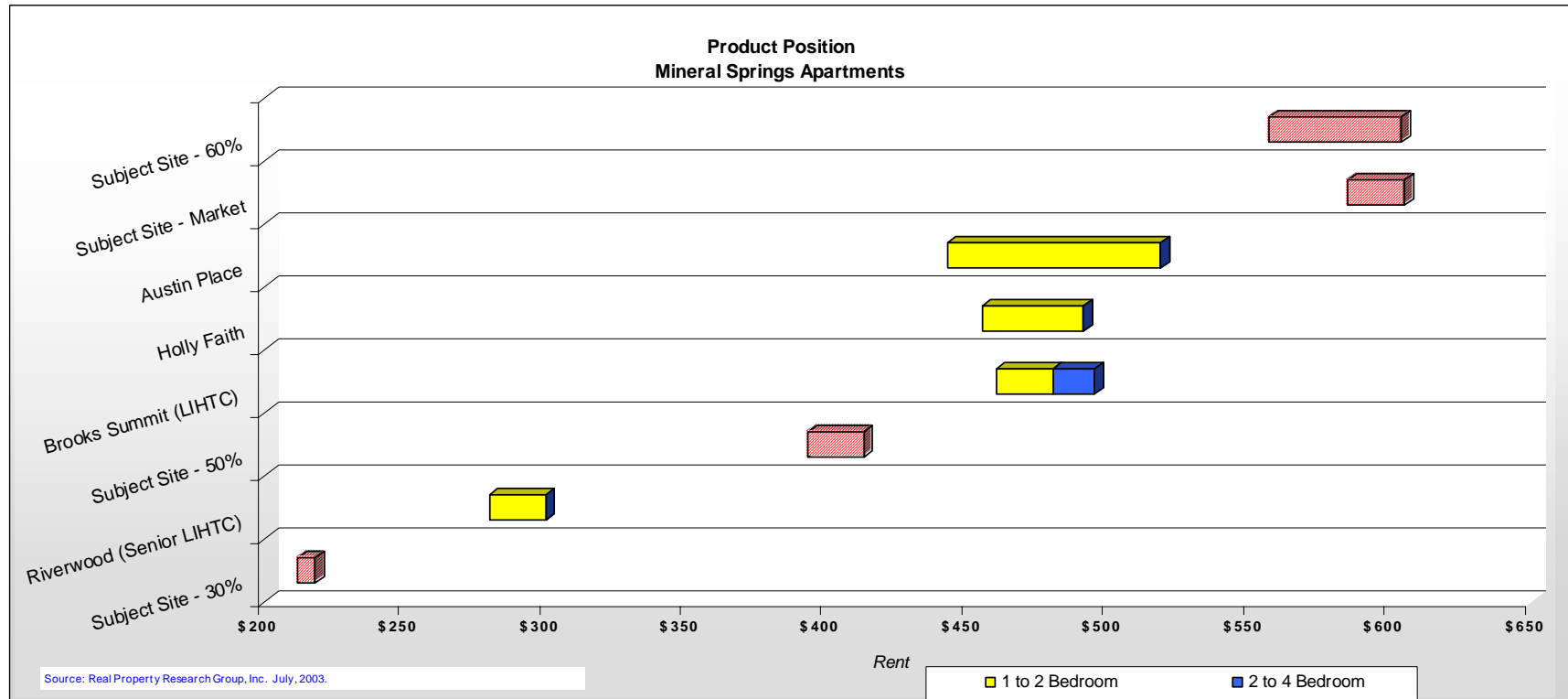
## F. Project Feasibility

Looking at the proposed Mineral Springs compared to existing rental alternatives in the market, the project's appeal and strength is as follows:

- **Community Design:** The proposed development will be the most attractive community in the primary market area. The new modern design characteristics and up-scale community design will be competitive within the primary market area, which has seen little new product development over the past two decades.
- **Location:** The proposed site is located in a growing area of Fannin County. The proposed site is located conveniently to shopping, education, health care, public transportation, and area traffic arteries.
- **Amenities:** The proposed Mineral Springs will offer more unit and community amenities than all of the existing rental communities in the primary market area. The proposed amenities, including appliance package, is appropriate given the proposed rent levels.
- **Unit Mix:** The unit mix distribution of the 67 units at Mineral Springs Apartments is appropriate. Although the proposed unit mix includes a greater percentage of three and four bedroom units the surveyed rental communities, it is appropriate with the market area's stock. As much of the PMA's rental stock is comprised of single-family detached homes and mobile homes, larger units are more prevalent than the surveyed stock represents. The one two bedroom units will appeal to single person householders or small to medium sized families while the three and four bedroom units will appeal to larger families and those desiring additional space. The 67 proposed units will make Mineral Springs the largest community in the primary market area.
- **Unit Size:** With square footages of 960 for a two bedroom unit, 1,267 for a three bedroom unit, and 1,428 for a four bedroom unit, Mineral Springs will have a competitive advantage with the existing rental stock. These unit sizes are significantly larger than the average among surveyed communities.

- **Price:** The proposed 30 percent units are priced at the bottom of the range of net rents in the primary market area. The proposed 50 percent rents are below three of the four communities. The 60 percent LIHTC and market rate units are priced at the top of the market area (Figure 4). The range of rents among the 60% units exceeds the market rate range as it includes three and four bedroom units, while all market rate units have two bedrooms. The proposed rents are appropriate given the location, large unit sizes, and extensive amenities to be included. The proposed rents and square footages result in prices per square foot lower than the average among existing communities. The proposed rents are generally comparable to Brooks Summit for similar floorplans.
- **Demand:** Multiple demand estimates and capture rates were calculated for the various floorplans, income targeting levels, and vacancy status. Although some of the capture rates exceed DCA's thresholds, there appears to be sufficient demand for the proposed units. Many of the planned units at Mineral Springs Apartments can be expected to be filled from existing renter turnover, predominately from single -family detached homes or mobile homes. There two unit types account for three quarters of the PMA's rental units.
- **Recommendation:** Although there appears to be adequate demand for the proposed units as planned, the project's viability would be greatly enhanced by a rent reduction of 7 to ten percent. With reductions in rents and the subsequent minimum income limit, the range of income qualified households will increase significantly. The increase in the band of qualified households will reduce the capture rates per DCA's demand components. Although not a necessity, a rent reduction is recommended.

**Figure 4 Product Position, Mineral Springs**





## **G Absorption Estimate**

None of the existing rental communities were able to provide information on initial lease-up. In the absence of data from comparable rental communities, factors used in determining the lease up rate of Mineral Springs include:

- The lack of significant vacant rental units.
- The lack of moderately sized, newer rental communities offering more than basic amenities.
- The proposed rents are competitively priced among the existing rental stock.
- The proposed community will be the newest and largest rental community in the PMA. As a result, the proposed community will include more visually appealing units and extensive unit and recreational amenities.
- The continued household and employment growth in the primary market area and Fannin County.

We believe that given the competitive rents, extensive amenities, tight rental market, wide range of allowable incomes, and lack of pipeline, the proposed 67 rental units at Mineral Springs Apartments should lease at a rate of at least 5 units per month. At this rate, the proposed community will attain 95 percent occupancy within approximately 12 months. Given that many units are currently occupied, the majority of which are expected to remain as such, the absorption rate is only applicable to the proposed new or vacant units. In existing tenants are retained, the lease up rate for the 35 new/vacant units would be 7 months.

We hope you find this analysis helpful in your decision making process.

## **H. Interviews**

Interviews, both in-person and over the phone, were conducted with variety of individuals during the completion of this report. Pertinent information gathered through this interview process is used throughout this report.

Interviewees include the property managers or leasing consultants for all rental communities surveyed. The information included in Section V. Supply Analysis beginning on page 44 was obtained through surveys (interviews) of these existing communities.

Additional interviews were conducted with The Fannin County Chamber of Commerce (Gig Garrett), The Gilmer County Chamber of Commerce (Brenda Johnson), Fannin County Economic Development (Carolyn Wills), Gilmer County Independent Development Authority (Jenny Easley), and the Blue Ridge Housing Authority.

## Appendix 1 Underlying Assumptions and Limiting Conditions

In conducting the analysis, we will make the following assumptions, except as otherwise noted in our report:

1. There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.
2. No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.
3. The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.
4. The subject project will be served by adequate transportation, utilities and governmental facilities.
5. The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.
6. The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.
7. The subject project will be developed, marketed and operated in a highly professional manner.
8. No projects will be developed which will be in competition with the subject project, except as set forth in our report.
9. There are neither existing judgments nor any pending or threatened litigation which could hinder the development, marketing or operation of the subject project.

The analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1. The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.
2. Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.
3. All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.
4. We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.
5. Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.
6. The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.

## Appendix 2 Analyst Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.
- The market study was not based on tax credit approval or approval of a loan. My compensation is not contingent upon the reporting of a predetermined demand that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice as set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation.
- I have made a personal inspection of the property that is the subject of this report.



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Tad Scepianiak  
Regional Director  
Real Property Research Group, Inc.

Warning: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years or both.

## Appendix 3 Resumes

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### TAD SCEPANIAK

Mr. Scepaniak directs our Atlanta office. He has approximately eight years of experience in the field of residential rental market research. Before joining the firm, Tad was president of MarketQuest, where he was involved extensively in the Low Income Tax Credit program throughout the entire United States. Mr. Scepaniak has completed work in approximately 25 states and Puerto Rico over the past eight years. He also has experience conducting studies under the HUD 221d program, market rate rental properties, and student housing developments. Along with work for developer clients, Tad has led our research efforts for both the North Carolina and Georgia Housing Finance agencies. Mr. Scepaniak is also responsible for development and implementation of many of the firm's automated analytic systems.

#### **Areas of Concentration:**

Low Income Tax Credit Rental Housing: Mr. Scepaniak has worked extensively with the Low Income Tax Credit program throughout the United States, with special emphasis on the Southeast and Mid-Atlantic regions. Mr. Scepaniak not only works with developers in their efforts to obtain tax credit financing, but also has received large contracts with state housing agencies including North Carolina Housing Finance Agency and Georgia Department of Community Affairs.

Senior Housing: Mr. Scepaniak has conducted feasibility analysis for a variety of senior oriented rental housing. The majority of this work has been under the Low Income Tax Credit program, however his experience includes assisted living facilities and market rate senior rental communities.

Market Rate Rental Housing: Mr. Scepaniak has conducted various projects for developers of market rate rental housing. The studies produced for these developers are generally used to determine the rental housing needs of a specific submarket and to obtain financing.

#### **Education:**

Bachelor of Science – Marketing Research; Berry College – Rome, Georgia.

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## ROBERT M. LEFENFELD

Mr. Lefenfeld has over 20 years of experience in the field of residential market research. As an officer of research subsidiaries of the accounting firm of Reznick Fedder & Silverman and Legg Mason, he has closely monitored residential markets throughout the Mid-Atlantic United States. Between 1998 and 2001, Bob was Managing Director of RF&S Realty Advisors, conducting market studies throughout the United States on rental and for-sale projects. From 1987 to 1995, Bob served as Senior Vice President of Legg Mason Realty Group, managing the firm's consulting practice and serving as publisher of a Mid-Atlantic residential data service, Housing Market Profiles.

Prior to joining Legg Mason, Bob spent ten years with the Baltimore Metropolitan Council as a housing economist. Bob also served as Research Director for Regency Homes between 1995 and 1998, where he analyzed markets throughout the Eastern United States and evaluated the company's active building operation on an ongoing basis.

Bob has lectured and written extensively on the subject of residential real estate market analysis. He has served as a panel member, speaker, and lecturer at events held by the National Association of Homebuilders and the National Council on Seniors Housing. His recent article, "Market Analysis: Basic Elements of a Good Study," was featured in the Summer, 2001 issue of ULI's Multifamily Housing Trends magazine. He also authored an article on active adult housing that will appear in an upcoming issue of Mid-Atlantic Builder, published by the Homebuilders Association of Maryland.

### **Areas of Concentration:**

Strategic Assessments: Mr. Lefenfeld has conducted numerous corridor analyses throughout the United States to assist building and real estate companies in evaluating development opportunities. Such analyses document demographic, economic, competitive, and proposed development activity by submarket and discuss opportunities for development.

Feasibility Analysis: Mr. Lefenfeld has conducted feasibility studies for various types of residential developments for builders and developers. Subjects of these analyses have included for-sale single family and townhouse developments, age-restricted rental and for-sale developments, large multi-product PUDs, urban renovations, and continuing care facilities for the elderly. In addition, he has conducted feasibility work in conjunction with Hope VI applications for redevelopment of public housing sites and analyses of rental developments for 221(d)4 insurance and tax credit applications.

Information Products: Bob has developed a series of proprietary databases to assist clients in monitoring growth trends. Subjects of these databases have included for-sale housing, pipeline information, and rental communities. Information compiled is committed to a Geographic Information System (GIS), allowing the comprehensive integration of data.

### **Education:**

Masters of Urban and Regional Planning; The George Washington University.  
Bachelor of Arts, Political Science; Northeastern University.

## Appendix 4 DCA Market Study Checklist

<b>A. Executive Summary</b>		
1	Market demand for subject property given the economic conditions of the area.	Page V
2	Projected Stabilized Occupancy Level and Timeframe.	Page X
3	Appropriateness of unit mix, rent and unit sizes.	Page VIII, IX
4	Appropriateness of interior and exterior amenities including Appliances.	Page VIII, IX
5	Location and distance of subject property in relationship to local amenities. <i>A brief description of location is given in the executive summary with conclusion regarding proximity of neighborhood amenities. Proximity to specific amenities is given in more detail in the location analysis section.</i>	Page IV, VII
6	Discussion of capture rates in relationship to subject.	Page VIII, IX
7	Conclusion regarding the strength of the market for subject.	Page VIII, IX
<b>B. Project Description</b>		
	Project address, legal description and location. <i>A legal description is not provided as it was not available. Legal descriptions are not considered a concern regarding feasibility or appeal of the site.</i>	Page 3
1	Number of units by unit type.	Page 14
2	Unit size, # of bedrooms and structure type (i.e. townhouse, garden apartment, etc).	Page 14
3	Rents and Utility Allowance*.	Page 2
4	Existing or proposed project based rental assistance. <i>There will be no project based rental assistance.</i>	Page 14
5	Proposed development amenities (i.e. washer/dryer hookups, dishwasher etc.).	Page 13, 14
6	For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property.	Page N/A
7	Projected placed in service date. <i>Not Provided.</i>	Page N/A
8	Construction type: New Construction/Rehab/Adaptive Reuse, etc.	Page 1, 13
9	Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs, etc.	Page 1
10	Special Population Target (if applicable).	Page N/A
11		
<b>C. Site Evaluation</b>		
1	Date of Inspection of Subject Property by Market Analyst.	Page V
2	Physical features of Subject Property and Adjacent Uses.	Page 3
3	Subject Photographs (front, rear, and side elevations as well as street scenes).	Page 4
4	Map identifying location of subject as well as closest shopping centers, schools, medical facilities and other amenities relative to subject.	Page 12, 13
5	Developments in vicinity to subject and proximity in miles (Identify developments surrounding subject on all sides) - zoning of subject and surrounding uses.	Page 3, 12, 13



6	Map identifying existing low-income housing within the Primary Market Area and proximity in miles to subject. <i>A map of all surveyed rental communities is provided. Many of these are low income housing communities. Any large public housing or section 8 communities located within close proximity to the subject site would be noted in the site location narrative and on the site map.</i>	Page	45
7	Road or infrastructure improvements planned or under construction in the PMA. <i>No road or infrastructure improvements were identified that would impact the viability of the proposed development.</i>	Page	None
8	Comment on access, ingress/egress and visibility of subject. Any visible environmental or other concerns. <i>Environmental or other concerns would be noted if they exist. They do not in this case.</i>	Page	3
9		Page	None
10	Overall conclusions of site and their marketability.	Page	3
<b>D. Market Area</b>			
1	Map identifying Subject's Location within PMA .	Page	19
2	Map identifying Subject's Location within SMA, if applicable.	Page	N/A
<b>E. Community Demographic Data</b>			
	Data on Population and Households Five Years Prior to Market Entry, and Projected Five Years Post-Market Entry, (2001, 2004 and 2009) * <i>Population and household estimates are given for 1990, 2000, 2002, 2005 and 2006. All projections for future years are based on historical data from the 2000 census and Claritas projections. The annual compounded growth rate would be the same between 2000 and 2002 as it would be for between 2000 and 2005 or between 2002 and 2007, etc. The bench mark years and a five year projection are considered the most accurate population and household estimates. Additional estimates can be provided, however were omitted in an effort to simplify this section. Estimates of household growth for various years are used throughout the report in the demand, affordability and capture rate analyses.</i>	Page	27, 58, 61, 64
* <i>If using sources other than U.S. Census (i.e., Claritas or other reputable source of data), please include in Addenda</i>			
<b>1. Population Trends</b>			
a.	Total Population.	Page	27
b.	Population by Age Group.	Page	31
c.	Number of elderly and non-elderly (for elderly projects).	Page	31
d.	If a special needs is proposed, additional information for this segment.	Page	N/A
<b>2. Household Trends</b>			
a.	Total number of households and average household size.	Page	27
b.	Households by tenure (# of owner and renter households). Elderly by tenure, if applicable.	Page	33 N/A
c.	Households by Income (Elderly, if applicable, should be allocated separately).	Page	35

Renter households by # of persons in the household.  
*Rental units by number of persons in the household is not provided. This can be obtained if considered critical.*

d. Page Not included

### 3. Employment Trend

- |    |   |      |        |
|----|---|------|--------|
| a. | Employment by industry— #s & % (i.e. manufacturing: 150,000 (20%)).   | Page | 23     |
| b. | Major employers, product or service, total employees, anticipated expansions, contractions in work forces, as well as newly planned employers and impact on employment in the PMA. <i>We are aware of no major additions or subtractions to the labor force in the PMA. At-place employment data indicates that the number of people employed in Fannin County continues to grow. This trend is expected to continue.</i> | Page | 24     |
| c. | Unemployment trends for the PMA and, where possible, the county total workforce for unemployment trends for the last two to four years. <i>Unemployment trends are provided on a county level. Labor force and unemployment data is generally only available on a county or municipality level, not per Census Tract. The trend in the county is deemed applicable to the PMA .</i>                                       | Page | 22     |
| d. | Map of the site and location of major employment concentrations.  | Page | 25     |
| e. | Overall conclusions.  | Page | 20, 21 |

### F. Project Specific Demand Analysis

- |    |   |      |            |
|----|---|------|------------|
| 1  | Income Restrictions - uses applicable incomes and rents in the development's tax application. | Page | 2          |
| 2  | Affordability - Delineation of Income Bands *.  | Page | 2, 61, 64  |
| 3  | Comparison of market rates of competing properties with proposed subject market rent.         | Page | 46, 50, 69 |
| 4  | Comparison of market rates of competing properties with proposed LIHTC rents.                 | Page | 46, 50, 69 |
| 5  | Demand Analysis Using Projected Service Date (within 2 years).                                | Page | 62 - 66    |
| a. | New Households Using Growth Rates from Reputable Source.                                      | Page | 62 - 66    |
| b. | Demand from Existing Households.<br>(Combination of rent overburdened and substandard)        | Page | 62 - 66    |
| c. | Elderly Households Converting to Rentership (applicable only to elderly).                     | Page | N/A        |
| d. | Deduction of Supply of "Comparable Units".  | Page | 62 - 66    |
| e. | Capture Rates for Each Bedroom Type.  | Page | 66         |

### G. Supply Analysis

- |    |   |      |        |
|----|---|------|--------|
| a. | Comparative chart of subject amenities and competing properties.  | Page | 48, 49 |
| b. | Supply & analysis of competing developments under construction & pending.   | Page | 52     |
| c. | Comparison of competing developments (occupancy, unit mix and rents).   | Page | 46, 50 |
| d. | Rent Comparable Map (showing subject and comparables).<br>Assisted Projects in PMA *. *. <i>Pertinent rental communities, including assisted communities, are included among in the survey of existing housing stock.</i> | Page | 45     |
| e. |   | Page | 46     |

	Multi-Family Building Permits issued in PMA in last two years. <i>The most recent building permit data is provided for Fannin County. As with unemployment data, building permits are only available for counties and municipalities. Given that the PMA includes all or portions of several permit issuing entities, it would be impossible to determine which of these permits are located in the PMA. The primary market area's activity is considered comparable to county activity.</i>	Page 29
	* PHA properties are not considered comparable with LIHTC units.	
<b>H. Interviews</b>		
	Names, Title, and Telephone # of Individuals Interviewed. <i>Data obtained through interviews is used throughout the report including in the upcoming competition sections and the rental summary. Many of the interviews with planning personnel occur in person, therefore a phone number is not available. Data obtained through interviews with property managers is presented in the rental analysis section and the profile sheets at the end of the report.</i>	Page 71, Various
<b>I. Conclusions and Recommendations</b>		
a.	Conclusion as to Impact of Subject on PMA.	Page 68-71
b.	Recommendation as to Subject's Viability in PMA.	Page 68-71
<b>J. Signed Statement</b>		
a.	Signed Statement from Analyst.	Page 74
<b>K. Comparison of Competing Properties</b>		
	Separate Letter addressing addition of more than one competing property.	Page N/A
a.	<i>Provided under separate cover if applicable.</i>	

## Appendix 5 Community Photos and Profiles

## Austin Place

## Multifamily Community Profile

3017 Chatsworth Hwy

Ellijay, GA

County/Map: Fannin, GA

Property Manager: --

Owner: --

## General Information

Total Units: **26** Heat Source: **Natural Gas**

Community Type: **Market Rate I** Heat: ☐

Structure Type: **Garden** Hot Water: ☐

No. Floors: -- Cooking: ☐

Electricity: ☐

Year Opened: -- Water/Sewer: ☐

Trash: ☒

## Utilities Included in Rent

## Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg \$/SqFt
Eff	--	--	--	--
One	30.8%	\$443	--	--
One/Den	--	--	--	--
Two	69.2%	\$519	--	--
Two/Den	--	--	--	--
Three	--	--	--	--
Four+	--	--	--	--

## Parking

## Free Surface Parking

	#Spaces	\$
Surface; OnSite.	--	--
Surface; OffSite.	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

## Security

Unit Alarms: ☐

Perimeter Fence: ☐

Gated Entry: ☐

Security Patrol: ☐

Intercom: ☐

Keyed Bldg Entry: ☐

Cameras: ☐

Security Lighting: ☐

Manned Door: ☐

## Historic Occupancy &amp; Net Rent Data (1)

Date	LeaseUp	Vacancy		Rent		
		Units	Rate	1BR	2BR	3BR
7/24/2003	<input type="checkbox"/>	1	3.8%	\$438	\$513	--

## Community Amenities

Clubhouse: ☐

Comm Rm: ☐

Central Lndry: ☒

Fitness: ☐

Hot Tub: ☐

Sauna: ☐

Outdoor Pool: ☐

Playground: ☐

Basketball: ☐

Tennis: ☐

Volleyball: ☐

Car Wash: ☐

Business Ctr: ☐

Computer Ctr: ☐

## Unit Features

## Standard Features:

Dishwasher; Ice Maker; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony--

## Features Available in Select Units:

—

## Optional Features w/ Fee:

—

## Rent Concessions:

none

## Floorplans (Street Rents as of 7/24/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Garden	1	1	8	\$438	--	--	--	Market
/ Garden	2	1	18	\$513	--	--	--	Market



Austin Place

GA111-006098

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(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

## Brooks Summit

## Multifamily Community Profile

70 Brook Summit Ln

Blue Ridge, GA

County/Map: Fannin, GA

Property Manager: --

Owner: --

## General Information

## Utilities Included in Rent

## Unit Mix (Net Rent) (1)

Total Units:	36	Heat Source:	Electric
Community Type:	LIHTC	Heat:	<input type="checkbox"/>
Structure Type:	Garden	Hot Water:	<input type="checkbox"/>
No. Floors:	--	Cooking:	<input type="checkbox"/>
		Electricity:	<input type="checkbox"/>
Year Opened:	1995	Water/Sewer:	<input checked="" type="checkbox"/>
		Trash:	<input checked="" type="checkbox"/>

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg \$/SqFt
Eff	--	--	--	--
One	11.1%	\$460	650	\$0.71
One/Den	--	--	--	--
Two	66.7%	\$480	805	\$0.60
Two/Den	--	--	--	--
Three	22.2%	\$495	954	\$0.52
Four+	--	--	--	--

## Parking

## Security

## Free Surface Parking

	#Spaces	\$
Surface; OnSite.	--	--
Surface; OffSite.	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

Unit Alarms:	<input type="checkbox"/>
Perimeter Fence:	<input type="checkbox"/>
Gated Entry:	<input type="checkbox"/>
Security Patrol:	<input type="checkbox"/>
Intercom:	<input type="checkbox"/>
Keyed Bldg Entry:	<input type="checkbox"/>
Cameras:	<input type="checkbox"/>
Security Lighting:	<input type="checkbox"/>
Manned Door:	<input type="checkbox"/>

## Historic Occupancy &amp; Net Rent Data (1)

Date	LeaseUp	Vacancy		Rent		
		Units	Rate	1BR	2BR	3BR
7/24/2003	<input type="checkbox"/>	0	0.0%	\$460	\$480	\$495

## Community Amenities

## Unit Features

Clubhouse:	<input type="checkbox"/>	Playground:	<input type="checkbox"/>
Comm Rm:	<input type="checkbox"/>	Basketball:	<input type="checkbox"/>
Central Lndry:	<input checked="" type="checkbox"/>	Tennis:	<input type="checkbox"/>
Fitness:	<input type="checkbox"/>	Volleyball:	<input type="checkbox"/>
Hot Tub:	<input type="checkbox"/>	Car Wash:	<input type="checkbox"/>
Sauna:	<input type="checkbox"/>	Business Ctr:	<input type="checkbox"/>
Outdoor Pool:	<input type="checkbox"/>	Computer Ctr:	<input type="checkbox"/>

## Standard Features:

Dishwasher; Ice Maker; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony; Carpet

## Features Available in Select Units:

—

## Optional Features w/ Fee:

—

## Rent Concessions:

none

## Floorplans (Street Rents as of 7/24/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Garden	1	1	4	\$460	650	\$0.71	--	LIHTC
/ Garden	2	1	24	\$480	805	\$0.60	--	LIHTC
/ Garden	3	1.5	8	\$495	954	\$0.52	--	LIHTC



## Brooks Summit

GA111-006096

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(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

## Holly Faith

## Multifamily Community Profile

79 Tower Rd

Ellijay, GA

County/Map: Fannin, GA

Property Manager: --

Owner: --

## General Information

Total Units: **12** Heat Source: **Electric**  
 Community Type: **Market Rate I** Heat: ☐  
 Structure Type: **Garden** Hot Water: ☐  
 No. Floors: -- Cooking: ☐  
 Electricity: ☐  
 Year Opened: -- Water/Sewer: ☐  
 Trash: ☒

## Utilities Included in Rent

## Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg \$/SqFt
Eff	--	--	--	--
One	8.3%	\$455	--	--
One/Den	--	--	--	--
Two	91.7%	\$491	--	--
Two/Den	--	--	--	--
Three	--	--	--	--
Four+	--	--	--	--

## Parking

## Free Surface Parking

	#Spaces	\$
Surface; OnSite.	--	--
Surface; OffSite.	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

## Security

Unit Alarms: ☐  
 Perimeter Fence: ☐  
 Gated Entry: ☐  
 Security Patrol: ☐  
 Intercom: ☐  
 Keyed Bldg Entry: ☐  
 Cameras: ☐  
 Security Lighting: ☐  
 Manned Door: ☐

## Historic Occupancy &amp; Net Rent Data (1)

Date	LeaseUp	Vacancy		Rent		
		Units	Rate	1BR	2BR	3BR
7/24/2003	<input type="checkbox"/>	0	0.0%	\$450	\$485	--

## Community Amenities

Clubhouse: ☐ Playground: ☐  
 Comm Rm: ☐ Basketball: ☐  
 Central Lndry: ☐ Tennis: ☐  
 Fitness: ☐ Volleyball: ☐  
 Hot Tub: ☐ Car Wash: ☐  
 Sauna: ☐ Business Ctr: ☐  
 Outdoor Pool: ☐ Computer Ctr: ☐

## Unit Features

## Standard Features:

Dishwasher; Ice Maker; In Unit Laundry (Hook-ups); Central A/C--

## Features Available in Select Units:

—

## Optional Features w/ Fee:

—

## Rent Concessions:

none

## Floorplans (Street Rents as of 7/24/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Garden	1	1	1	\$450	--	--	--	--
/ Garden	2	1	11	\$485	--	--	--	--



Holly Faith

GA111-006095

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(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

# Riverwood Apartments

## Multifamily Community Profile

36 W Dogwood Ln  
Blue Ridge, GA  
County/Map: Fannin, GA

Property Manager: --  
Owner: --

### General Information

Total Units: **40** Heat Source: **Electric**  
Community Type: **LIHTC** Heat: ☐  
Structure Type: **Single Family** Hot Water: ☐  
No. Floors: -- Cooking: ☐  
Electricity: ☐  
Year Opened: **1993** Water/Sewer: ☒  
Trash: ☒

### Utilities Included in Rent

### Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg \$/SqFt
Eff	--	--	--	--
One	100.0%	\$280	--	--
One/Den	--	--	--	--
Two	--	--	--	--
Two/Den	--	--	--	--
Three	--	--	--	--
Four+	--	--	--	--

### Parking

#### Free Surface Parking

	#Spaces	\$
Surface; OnSite.	--	--
Surface; OffSite.	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

### Security

Unit Alarms: ☐  
Perimeter Fence: ☐  
Gated Entry: ☐  
Security Patrol: ☐  
Intercom: ☐  
Keyed Bldg Entry: ☐  
Cameras: ☐  
Security Lighting: ☐  
Manned Door: ☐

### Historic Occupancy & Net Rent Data (1)

Date	LeaseUp	Vacancy		Rent		
		Units	Rate	1BR	2BR	3BR
6/26/2003	<input type="checkbox"/>	0	0.0%	\$280	--	--

### Community Amenities

Clubhouse: ☐ Playground: ☐  
Comm Rm: ☒ Basketball: ☐  
Central Lndry: ☐ Tennis: ☐  
Fitness: ☐ Volleyball: ☐  
Hot Tub: ☐ Car Wash: ☐  
Sauna: ☐ Business Ctr: ☐  
Outdoor Pool: ☐ Computer Ctr: ☐

### Unit Features

Standard Features:  
**Disposal; Ice Maker; In Unit Laundry (Hook-ups); Central A/C; Carpet**  
Features Available in Select Units:  
—  
Optional Features w/ Fee:  
—  
Rent Concessions:  
**none**

### Floorplans (Street Rents as of 6/26/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Garden	1	1	40	\$280	--	--	--	LIHTC -- 30%



### Riverwood Apartments

GA111-006027

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(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.